

session of 1933, urging the United States Congress to reflate the dollar; to the Committee on Banking and Currency.

554. By Mr. LINDSAY: Petition of National Organization Masters, Mates, and Pilots of America, New York City, favoring House bill 4557; to the Committee on Labor.

555. Also, petition of Amalgamated Ladies Garment Cutters Union, Local No. 10, New York City, favoring the 30-hour week bill now before the House; to the Committee on Labor.

556. Also, petition of G. L. Richter Manufacturing Co., Inc., Glendale, Long Island, N.Y., opposing the 30 hour week bill reduction in tariffs; to the Committee on Labor.

557. Also, petition of Rockwood & Co., Brooklyn, N.Y., opposing the Black bill, S. 158, and the Connery bill; to the Committee on Labor.

558. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the Congress of the United States to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 17, 1783; to the Committee on the Post Office and Post Roads.

559. Also, memorial by the Legislature of the State of Wisconsin, urging the President of the United States, the Congress of the United States, and the United States Veterans' Bureau not to abandon the Wisconsin Memorial Hospital, nor to remove to other hospitals the veterans now receiving care and treatment in this hospital, and expressing the readiness of the State legislature to consider other arrangements than those now prevailing in regard to payments from Federal funds to the State for the care and treatment of patients in the Wisconsin Memorial Hospital so that consideration of the necessity for effecting economies in Federal expenditures will not be involved; to the Committee on Public Buildings and Grounds.

560. By Mr. RUDD: Petition of the G. F. Richter Manufacturing Co., Inc., 102 Ridgewood Avenue, Glendale, Long Island, N.Y., protesting against the passage of the proposed 30-hour work week legislation; to the Committee on Labor.

561. Also, petition of the Common Council of the City of Buffalo, N.Y., opposing the construction of the St. Lawrence waterway and the signing of the treaty with the Dominion of Canada; to the Committee on Interstate and Foreign Commerce.

562. Also, petition of American Manufacturers Export Association, New York City, favoring the immediate negotiation of reciprocal, bargaining tariffs by the United States Government with other national governments, looking toward the freer interchange of commodities mutually advantageous, etc.; to the Committee on Ways and Means.

563. Also, petition of International Tailoring Co., New York City, favoring certain amendments to the proposed 30-hour work week; to the Committee on Labor.

564. Also, petition of National Organization Masters, Mates, and Pilots of America, New York City, favoring the passage of House bill 4557, 5-day work week; to the Committee on Labor.

565. Also, petition of Rockwood Co., Brooklyn, N.Y., opposing the passage of the Senate bill 158, providing for a 30-hour week; to the Committee on Labor.

566. Also, petition of Amalgamated Ladies Garment Cutters Union, Local 10, New York City, favoring the passage of the Connery 30-hour work week legislation; to the Committee on Labor.

567. By Mr. WELCH: Petition in the nature of Assembly Joint Resolution No. 15 of the California Legislature, relative to memorializing and petitioning Congress to adopt a national system of insurance to protect bank depositors in the national banks of the United States; to the Committee on Ways and Means.

568. By the SPEAKER: Petition of the Board of Supervisors of the County of Los Angeles, State of California.

## SENATE

TUESDAY, APRIL 18, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Loneragan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiner
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkeley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. LEWIS. I wish to announce that the Senator from New Mexico [Mr. BRATTON] and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

### REPORT OF THE BOY SCOUTS OF AMERICA

The VICE PRESIDENT laid before the Senate a letter from the Chief Scout Executive of the Boy Scouts of America, submitting, pursuant to law, the Twenty-third Annual Report of the Boy Scouts of America for the year 1932, which, with the accompanying report, was referred to the Committee on Education and Labor.

### NONRECOGNITION OF THE SOVIET GOVERNMENT OF RUSSIA

The VICE PRESIDENT laid before the Senate a communication from the recording secretary general, National Society of the Daughters of the American Revolution, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., April 17, 1933.

The VICE PRESIDENT,

United States Senate, Washington, D.C.

MY DEAR MR. VICE PRESIDENT: It is my pleasure to transmit to you the following resolution which was adopted unanimously by a rising vote at the opening meeting of the Forty-second Continental Congress of the National Society of the Daughters of the American Revolution:

"Whereas the Union of Socialistic Soviet Republics exists as an inseparable part of the Third International, which has for its purpose the overthrow of all existing noncommunist governments by violent revolution: Now, therefore, be it

"Resolved, That the Forty-second Continental Congress of the National Society of the Daughters of the American Revolution reaffirm its opposition to the recognition of the present dictatorship of Soviet Russia by the Government of the United States; and be it further

"Resolved, That copies of this resolution be sent to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and the Secretary of State."

Sincerely yours,

HELEN NEWBERRY JOY,  
(Mrs. Henry Bourne Joy),  
Recording Secretary General,  
National Society of the  
Daughters of the American Revolution.  
EDITH SCOTT MAGNA,  
President General.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory



of Puerto Rico, which was referred to the Committee on Commerce:

SENADO DE PUERTO RICO.

I. Enrique Gonzales Mena, secretary of the Senate of Puerto Rico, do hereby certify:

That the following concurrent resolution was unanimously approved by the Senate and the House of Representatives of Puerto Rico on March 17 and April 3, respectively, 1933:

"Concurrent resolution to request the Congress of the United States of America to approve pertinent legislation for the dredging and improvement of the harbor of Mayaguez

"Whereas the Board of Engineers of Rivers and Harbors submitted to Congress, pursuant to law, a report which was printed in House Document No. 215, first session of the Seventy-second Congress, the pertinent part of which reads as follows: 'This channel is 30 feet deep and has a width of 500 feet from its inshore end to a point opposite the westerly end of the terminal; thence increasing in width to 1,000 feet at the 30-foot contour. The estimated cost is \$179,000, with \$3,000 annually for maintenance, subject to certain conditions of local cooperation';

"Whereas the said report refers to the harbor of Mayaguez;

"Whereas the municipality of Mayaguez is ready to cooperate in order that the dredging and improvement of the harbor may be carried out as soon as possible;

"Whereas the performance of the work depends on the prompt action which the Congress of the United States, about to meet, may take: Now, therefore, be it

*"Resolved by the Senate of Puerto Rico (the house of representatives concurring)—*

"First. To request the Congress of the United States of America, through the Resident Commissioner of Puerto Rico in Washington, to pass the necessary legislation to proceed to the dredging and improvement of the harbor of Mayaguez, pursuant to the report of the Engineers of Rivers and Harbors.

"Second. That copy of this resolution be sent to the Resident Commissioner of Puerto Rico in Washington, to the President of the United States, to the Speaker of the House of Representatives, to the President of the Senate, and to the Chairman of the Committees on Rivers and Harbors of said legislative bodies."

For transmittal to the President of the United States Senate, Hon. John N. Garner, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico on this the 3d day of April A.D. 1933.

[SEAL]

ENRIQUE G. MENA,  
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, favoring the passage of legislation authorizing the Secretary of War to accept the cemetery at the National Military Home at Sawtelle as a national cemetery, etc., which was referred to the Committee on Military Affairs.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a letter in the nature of a memorial from W. E. Elmer, principal of the Santa Cruz High School, Santa Cruz, Calif., remonstrating against the elimination of appropriations for the States to carry on vocational education and rehabilitation, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Black Hills Mining & Industrial Association, South Dakota, favoring the passage of legislation relative to sales of corporate securities in interstate commerce, providing specifically the exact requirement that shall be essential to the enjoyment of the right to sell corporate securities in interstate commerce, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by the Delegated Conference of Trade Unions and Fraternal Organizations, Chicago, Ill., favoring the immediate establishment of unconditional diplomatic and trade relations with the Government of Soviet Russia, which were referred to the Committee on Foreign Relations.

He also presented the petition of Gladys Breazeale and sundry other citizens of Natchitoches, La., praying for a continuation of the investigation by the special Senate committee on campaign expenditures of the senatorial election in Louisiana in 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate the petition of Gladys Breazeale and sundry other citizens of Natchitoches, and a telegram in the nature of a petition from E. M. Whitman, of Amite, in the State of Louisiana, praying for a senatorial

investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter and 48 telegrams in the nature of memorials from 145 citizens and organizations, all in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by members of the Pampanga Civic Union, San Fernando, Pampanga, P.I., favoring the granting of immediate independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from the Higginbotham Bailey Logan Co., Dallas, Tex., remonstrating against the passage of the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the Denver County Mining Association and the Mining Bureau of the Denver Chamber of Commerce, in the State of Colorado, favoring exemption of precious-metal mines, including all mines whereof more than one half the value of the output is gold and silver, from the operation of the so-called "Black 30-hour week work bill", which were ordered to lie on the table.

Mr. CAPPER presented a petition of sundry citizens of Salina and vicinity, in the State of Kansas, praying for the passage of legislation known as the "Frazier bill", to limit and refinance agricultural indebtedness at a reduced rate of interest, which was referred to the Committee on Agriculture and Forestry.

Mr. REED presented a memorial of sundry citizens of the borough of Port Allegany, McKean County, Pa., remonstrating against conferring upon the President discretionary power which might have the effect of increasing the cost of the necessities of life, including the cost of welfare work, the benefits thereof to go to the farmers or any other class of persons, which was referred to the Committee on Agriculture and Forestry.

Mr. ROBINSON of Arkansas presented a letter from Solon Humphreys, president of the Arkansas Building and Loan League, of Little Rock, Ark., relative to proposed Federal securities legislation, which was referred to the Committee on Banking and Currency.

Mr. WALSH presented a petition of sundry citizens of North Chelmsford and vicinity, in the State of Massachusetts, praying for the passage of legislation to reevaluate the gold ounce, and also for the elimination of abuses associated with mass-productionism, which was referred to the Committee on Banking and Currency.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Banking and Currency:

Assembly Joint Resolution 15, relative to memorializing and petitioning Congress to adopt a national system of insurance to protect bank depositors in the national banks of the United States

Whereas the current period of economic stress and stringency has caused a great and undue financial strain on every bank throughout this Nation; and

Whereas the safety of the banking system of the Nation is the very basis of the business and economic structure of the community; and

Whereas there is available through the storing up of proper reserves the means whereby bank deposits may be made much safer than at the present time: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes and petitions the Congress of the United States to enact legislation relating to banks so as to provide a system of insurance to protect bank depositors therein based on reserves to be accumulated and maintained through the payment of premiums by each of said banks, according to its strength, resources, deposits, and other relating factors with regard to banking; and be it further



*Resolved*, That the Legislature of the State of California further petition the Congress of the United States to place such an insurance system under the supervision of the Secretary of the Treasury, with power in that officer to fix and determine the rate and proportion of premiums to be paid by each said bank; and be it further

*Resolved*, That a true copy hereof be transmitted by the clerk of the assembly to the President of the United States and each Representative and Senator of California in Congress.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Military Affairs:

Assembly Joint Resolution 25, relative to memorializing and petitioning the President of the United States and Congress to accept the cemetery situated at Sawtelle as a national cemetery

Whereas at the present time a cemetery is maintained at the National Military Home at Sawtelle for veterans; and

Whereas the care of those who served their country in the time of stress and peril is a matter of national scope and importance; and

Whereas this cemetery contains more than 10,000 graves of those who answered the call of their country: Now, therefore, be it

*Resolved by the Assembly and Senate of the State of California, jointly*, That Congress is urgently requested to authorize the Secretary of War to accept the cemetery at the National Military Home at Sawtelle as a national cemetery to the end that jurisdiction and power of legislation be granted over such cemetery in accordance with section 8, article I of the Constitution of the United States; and be it further

*Resolved*, That a copy of this resolution be forwarded by the Governor to the President of the United States, the Vice President, the Secretary of War, the Speaker of the House of Representatives, and each of the Members from California of the Senate and House of Representatives of the United States.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 1407) to increase employment on public-works construction projects; to the Committee on Education and Labor.

By Mr. ROBINSON of Arkansas:

A bill (S. 1408) granting an increase of pension to Sidney H. Bailey; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 1409) to make the Federal gasoline tax effective until June 30, 1934; to the Committee on Finance.

By Mr. TYDINGS:

A bill (S. 1410) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations; to the Committee on Banking and Currency.

A bill (S. 1411) to amend section 2, chapter 418, of the act of August 29, 1916 (39 Stat. 649), and for other purposes (with an accompanying paper); to the Committee on Finance.

By Mr. CAREY:

A bill (S. 1412) granting a pension to John E. Wilson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 1413) making it a crime to represent one's self to be an Indian, and providing punishment therefor; and

A bill (S. 1414) to amend section 1 of the act of June 25, 1910 (36 Stat. 855), entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", and to repeal the act of March 3, 1928 (28 Stat. 161); to the Committee on Indian Affairs.

By Mr. BULKLEY:

A bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; to the Committee on Banking and Currency.

A bill (S. 1416) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio;

A bill (S. 1417) for the relief of the Central United National Bank, successors to United Banking & Trust Co., of Cleveland, Ohio; and

A bill (S. 1418) for the relief of the City Savings Bank & Trust Co., of Alliance, Ohio; to the Committee on Claims.

A bill (S. 1419) granting a pension to Hanna Lewis; to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 1420) to assist in relieving unemployment and reviving industry by authorizing emergency appropriations for highway construction; to the Committee on Post Offices and Post Roads.

By Mr. METCALF:

A bill (S. 1421) granting a pension to Annie Coan; to the Committee on Pensions.

#### RELIEF OF AGRICULTURE—AMENDMENTS

Mr. RUSSELL, Mr. SHIPSTEAD, Mr. CONNALLY, Mr. FRAZIER, and Mr. TRAMMELL each submitted an amendment, and Mr. McCARRAN and Mr. CLARK each submitted two amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

#### THE HARRIMAN NATIONAL BANK OF NEW YORK

Mr. COSTIGAN. Mr. President, some days ago I submitted a resolution providing for investigation by the Judiciary Committee of the reported failure of the Department of Justice under the last preceding administration to investigate certain alleged law violations attributed to some officers and directors of the Harriman National Bank, of New York City. The resolution has been favorably reported by the Committee on the Judiciary and by the Committee to Audit and Control the Contingent Expenses of the Senate. I ask unanimous consent that the resolution may now be considered by the Senate.

The VICE PRESIDENT. The Senator from Colorado asks unanimous consent for the present consideration of the resolution which the clerk will read.

The Chief Clerk read the resolution (S.Res. 55) submitted by Mr. COSTIGAN on the calendar day of March 31, 1933.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 9, after the word "exceed", to insert "\$500", so as to make the resolution read:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to investigate the reported failure on the part of the Department of Justice to prosecute promptly alleged violations of law by the Harriman National Bank, New York City, or the officers or directors thereof. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The amendment was agreed to.

Mr. McNARY. Mr. President, may I inquire if under the rule the resolution should be referred to the Committee to Audit and Control?

The VICE PRESIDENT. The resolution was referred to the Committee on the Judiciary and to the Committee to Audit and Control and has been reported favorably by both committees. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

#### ADDRESS BY SENATOR COPELAND ON SAFETY OF LIFE AT SEA

Mr. WHITE. Mr. President, on Saturday, April 15, the twenty-first anniversary of the sinking of the *Titanic*, the Senator from New York [Mr. COPELAND] made a radio speech on the safety-of-life-at-sea convention which has been pend-



ing before the Senate now for some 4 years' time. I ask unanimous consent that that address may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Twenty-one years ago today the American people were shocked at the tragic sinking of the great liner, the *Titanic*, with a loss of 1,517 souls. Every person throughout our broad land trembled with horror. Their hearts went out to the families of those who died. At the same time there were thrills of pride as stories of unselfish heroism came trickling in over the wires. With bated breath and racing pulse we read how the brave male passengers and crew put women and children into the life boats and stood calmly by, awaiting their own fate.

That tragedy demonstrated sharply and for the first time the value of radio in making lives safe at sea. In those days we called the new contraption the "wireless." We did not dream that the human voice would ever be projected through the air as mine is now being sent out to my listeners.

The radio did not save the *Titanic*, but it saved her pitifully few survivors. For weeks the air rang with public demands for every sort of appliance, device, contrivance, and method to make ocean travel safer. Many reforms were achieved, and for them we are duly thankful, but today, more than 2 decades later, the world still lags behind in its responsibility to provide the maximum of prevention of disaster.

We of the United States have always led the world in the adoption of reforms for the benefit of humanity. We led the world in efforts to increase safety of life at sea 20 years ago. We did this despite the fact that our material stake at that time was negligible. We then had but 17 American-flag ships in foreign trade. Today, as a result of wise national shipping policies made operative since the World War, we have 600 American vessels in foreign trade. We employ thousands instead of hundreds on our ships at sea. We transport one third, instead of one ninth, of our own commerce. This changed condition in addition to our unselfish, altruistic impulse to help preserve human life, has given us a selfish, material interest in our great merchant fleet, the second largest in the world. Nothing must happen to stay our maritime program.

We have had repeated evidence of the efficiency and bravery of the officers and men of that merchant fleet. Time and time again the country has run with tales of heroism as American officers and crews from our own gallant flag ships have gone to the succor of brothers in distress. We have the ships. We have the men. Through them we are bringing about a renaissance of American shipping. Our position has become comparable to the glorious days of the American clipper. Certainly, there rests upon us a solemn obligation to these brave men as well as to passengers on their ships. We are solemnly obligated to do all in our power to protect their lives.

On this day, particularly, the anniversary of one of the most appalling tragedies in the history of the sea, we might well turn our attention to the treaty for safety now pending in the United States Senate. This covenant was drafted and agreed to in 1929 by representatives of 18 nations, including our own. It has been ratified by 11 nations and adhered to by 6 others. Only 7 nations, including our own, have failed to accept it. This is a sad commentary on the slowness of our legislation. There is no question that, under the operation of what is proposed by the pending treaty, many lives now lost at sea would be saved. I do not hesitate to state that had the treaty been in effect and in force in 1928 the terrible accident to the *Vestris* would have been prevented. That, my friends of the radio audience, is something to think about. The tragedy of the *Vestris* was one of the worst in peace time since the *Titanic*. Here, again, heroic American officers and crews from American-flag ships played a noble part. We have such a large merchant marine now that ships carrying the Stars and Stripes are almost certain to be found near the scene of any disaster on any of the world trade routes. We are proud of this. But how much better it is to prevent disasters. Shipping experts show that the *Vestris* disaster comes under the head of preventable accidents, and it offers just one more convincing argument for early ratification of the treaty.

The provisions of the treaty constitute a great advance in compulsory safety measures over the United States laws and over the laws of most nations. Its provisions are superior to the previous requirements of any nation. It embodies all that the experience available in 1914-15 could give and, in addition, the great amount of experience and knowledge derived from the all-too-practical tests during the World War.

The treaty takes advantage of the progress in science, invention, and practical experience gathered since the war. The convention of 1914, following the loss of the *Titanic*, made great strides forward in the protection of life at sea. It is but natural, however, that, after 20 years, any regulations affecting construction, equipment, radio installations, and matters connected with the operation of ships, including the giving of succor at sea, should need revision and improvement.

If we were to compare the figures for loss of life at sea with those for loss of life in other fields—motor traffic, for example—we might be led to believe that no urgent need for the pending treaty exists. Statistics as to sea casualties are not appalling. For the past 10 years they have averaged only 50 per annum, but

these figures should be considered from two points of view other than that of their magnitude. One is that about every so often some horrible disaster like the sinking of the *Titanic* occurs. That makes average figures pale into insignificance. In that disaster 1,517 lives were lost and only 706 were saved.

The other point of view from which to consider statistics on ocean disasters is their preventability. The best opinion of experts today is that 20 percent of the lives lost during the past 10 years could have been saved had this treaty been in operation. That number of lives is worth saving. Still another viewpoint is that of the peace of mind of passengers on ships and the peace of mind of dear ones whom they leave at home. With this treaty in operation loss of life at sea would be reduced to the minimum. A passenger embarking for an ocean trip would do so with a feeling of practically complete security, and, of course, this would stimulate travel. Business would be better for the steamers and more and more of our citizens would broaden their horizons by seeing more and more of the world.

In thinking back to the *Titanic* and the awful fate which befell that great superliner—the biggest and finest of her day—you might, naturally, say to yourself, "Why, the *Titanic* struck an iceberg. That accident was unavoidable. Any ship might hit a submerged or partly submerged iceberg, any day, with similar results."

All very well, but icebergs are one of the things covered in this very treaty. Ever since the *Titanic* disaster efforts have been made to locate icebergs and warn vessels of their presence. Under the treaty now pending systematic patrol, recording, and warning as to icebergs will be carried out by coordinated, international activities. Furthermore, since 21 years ago today devices have been invented and applied by which the near presence of icebergs can be detected and automatically recorded through temperature changes in the water. When this treaty is ratified by all parties signatory to it the iceberg menace will be a thing of the past.

I have already mentioned the *Vestris* disaster once or twice, but must do so again to explain one of the most vital provisions of the treaty—that pertaining to radio installations. The *Vestris* of course, had a radio send out its distress calls. Nearby, it afterward developed, was another ship, only a few miles away. It could easily have reached the *Vestris* in time to save all on board, but—and this is a very big "but" indeed—that ship had no radio. There it was, but a short distance away, able, willing, and equipped to save the lives aboard the *Vestris*, but it knew nothing about the disaster until long after the ill-fated vessel had sunk.

This treaty greatly widens the classes of ships and voyages where radio equipment is compulsory. Many more ships carry radio equipment now than are required by law to do so, but, under the pending treaty practically all vessels of any size going any considerable distance to sea would have to have the latest radio equipment. Such a network of radio equipment, scattered across the trade routes of the world, would make it practically impossible for a ship to sink before somebody reached her. Surely, this is a reasonable provision, which should appeal to the humanitarian heart of our people and to our well-known common sense. Radio is no longer an experiment. Its value has been demonstrated over and over again. It is indispensable to ship operation today. The treaty requirements on this point alone justify its prompt ratification.

During the past 2 or 3 years you've probably read of the "radio compass" as a remarkable device used in locating a ship in distress. The term is actually a misnomer. It would be more accurate to call it a radio "direction finder." It sounds like something mysterious, but it is really something very simple. If you are a radio "fan" and if your experience goes back to the "indoor" antennae, you probably remember the diamond-shaped frame of wire which you turned about until the radio signals came in clearly. The direction in which that diamond pointed indicated the direction from which the waves came to you. That, practically, is the principle of the radio compass. By its use each ship receiving a radio distress call can tell the direction from which the call comes. Of course, it cannot tell how far away it comes from. It can and does, however, "plot" the bearings and find that it comes from a point such and such degrees north or south. It immediately broadcasts this, together with its own position. If two other ships get the SOS and do the same thing, the problem is solved in a matter of seconds. A line is drawn on the map of the sea showing the bearings from the ship in distress to each of the three ships receiving the SOS. At some point within the boundary marked by those three ships those three lines will intersect—and that's where the distress ship lies, to within a mile.

It is not an exaggeration to say that, assuming three ships get the SOS the moment it is sent out, the exact position of the ship in distress can be determined within 2 minutes. Once that position is determined, it is broadcast by the three ships which determine it, and the news is picked up by ships which may be closer, and the race for life is on.

The pending treaty greatly increases the number of ships required to carry this "radio-compass" equipment. A great many more than the present law requires already carry such equipment, but such a valuable—or, rather, invaluable—device should be compulsory, and will be under this treaty.

This is but one of numerous inventions and improvements calculated to prevent loss of life at sea. The others are all important and every one is a reasonable requirement.

A major part of the treaty deals with the construction of the ship itself. This is the most important factor of safety. It



requires the greatest possible advantage as to water-tight compartments and other construction features which tend to prevent sinking, no matter what type of accident befalls a vessel. The requirements for life-saving apparatus are based on the wide experiences with ships of all kinds during and since the World War. Life boats, rafts, fire prevention, and so forth, must all come up to the highest standards evolved from long experience. Most vessels of size, of course, are now thoroughly equipped in this respect, but existing law requirements are broadened and strengthened under the treaty.

You might ask, at this point, why we cannot stiffen and broaden our own laws without a treaty. We could and have, as have other nations, but Americans travel on the ships of practically all foreign lines and we need the treaty to bring not only our own ships but the ships of all nations under the same regulations. This treaty, then, not only lifts the standards of American ships but of the ships of the world.

Twenty-one years ago today, while making her maiden voyage, the *Titanic*, then the largest and finest passenger liner afloat, was lost with more than 1,500 souls. Many were Americans, both of high station and from the humble walks of life. Many known and unknown heroes on that occasion, with as great courage as it took to go "over the top," stood aside that others, women and children, might be saved. Such heroism deserves recognition. What more fitting tribute can be paid to their sacrifice, even after this long lapse of time, than to remember the lesson of that disaster, and of the all-too-many since, by ratifying the pending convention and making certain that such sacrifice has not been in vain.

#### 30-HOUR WEEK AND 6-HOUR DAY

Mr. BLACK. Mr. President, I desire to send to the desk and have read a letter. I request that the name signed to the letter and the writer's address may be omitted. I do that at the request of the writer of the letter.

I request also that the letter may be returned to me after it shall have been read at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chief Clerk read the letter, as follows:

TOLEDO, OHIO, April 17, 1933.

Hon. HUGO BLACK.

SIR: Are you sponsor of the 30-hour week? If so, I would like to inform you that the Electric Auto Light & Co., Logan Gear Co., and Bingham Stamping Co. have made threats that if we don't sign papers that we do not want it passed we are subject to discharge on refusal to sign paper. We are all in favor of the law. If you are not sponsor please pass this to one who is.

Thanking you, I am,

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a resolution (H.Res. 108), as follows:

*Resolved*, That a message be sent to the Senate by the Clerk of the House informing the Senate that the House of Representatives has adopted an amendment to article V of the articles of impeachment heretofore exhibited against Harold Louderback, United States district judge for the northern district of California, and that the same will be presented to the Senate by the managers on the part of the House.

And, also, that the managers have authority to file with the Secretary of the Senate, on the part of the House, any subsequent pleadings they shall deem necessary.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.;

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania;

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River,

at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania;

H.R. 4491. An act granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio;

H.J.Res. 93. Joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; and

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the Senator from Oklahoma [Mr. THOMAS] to the amendment of the Senator from Louisiana [Mr. LONG]. The Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, the pending amendment was prepared to be inserted on page 43, after line 5. It was to be offered at a time when the bill before the Senate had been otherwise completed. In other words, my amendment was intended to be part 6. Because the bill has not been otherwise completed, I ask permission at this time to withdraw the amendment offered in the nature of a substitute; and when the bill shall have been completed I then desire to reoffer the amendment. I reserve the right to reoffer the amendment at that time.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Oklahoma is withdrawn.

The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. McNARY. Mr. President, I am not familiar with the amendment offered by the Senator from Louisiana. May we have it stated?

Mr. ROBINSON of Arkansas. Mr. President, before leaving the Senate yesterday the Senator from Louisiana [Mr. LONG] requested me to withdraw his amendment when the opportunity was presented. I therefore ask unanimous consent to withdraw his amendment.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Louisiana is withdrawn.

Mr. McNARY. Mr. President, the Senator from New Jersey [Mr. BARBOUR] has an individual amendment which he desires to offer at this time.

Mr. BARBOUR. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from New Jersey proposes to amend, on page 21, beginning with line 13, by striking out through line 19, on page 22, as follows:

#### FLOOR STOCKS

SEC. 16. (a) Upon the sale or other disposition of any article processed wholly or in chief value from any commodity with respect to which a processing tax is to be levied that, on the date the tax first takes effect or wholly terminates with respect to the commodity, is held for sale or other disposition (including articles in transit) by any person other than a consumer or a person engaged solely in retail trade, there shall be made a tax adjustment as follows:

(1) Whenever the processing tax first takes effect, there shall be levied, assessed, and collected a tax to be paid by such person equivalent to the amount of the processing tax which would be payable with respect to the commodity from which processed if the processing had occurred on such date.

(2) Whenever the processing tax is wholly terminated, there shall be refunded to such person a sum (or if it has not been paid, the tax shall be abated) in an amount equivalent to the processing tax with respect to the commodity from which processed.

(b) Notwithstanding the provisions of subsection (a), such subsection shall apply with respect to such portion of retail stocks on hand at the date the processing tax takes effect as is not sold



or otherwise disposed of for consumption within one month after such date.

(c) For the purposes of this section the term "retail trade" shall not be held to include the business of an establishment which is owned, operated, maintained, or controlled by the same individual firm, corporation, or association that owns, operates, maintains, or controls any more than two other establishments of the same character.

Mr. BARBOUR. Mr. President, this section provides that in the case of goods processed from any commodity subject to the processing tax, if included in the inventories at the time the act becomes effective, they shall be taxed the equivalent as if they had been processed after the act takes effect.

A commodity, for instance, made only partly of cotton would be subject to the processing tax to the extent of the cotton in it. This would necessitate very complex figuring in converting the completed article back to the amount of raw cotton actually required in making the commodity. A large house might find thousands of items that would have to be "broken down" to find the content of the raw material contained therein and subject to the processing tax.

Inventory reports for the purpose of this taxation would have to be made more or less on arbitrary rules laid down by the Government, and the task of working out such rules would require many months, and the entire procedure would be extremely complicated. The final result of this would be that some taxpayers with adequate inventory records would eventually supply the Government with all the information required and pay the tax thereon, while the vast majority of people in business, having less complete records, would evade the tax, whether knowingly or otherwise.

The act further provides that retail stores shall not have to pay this inventory tax if the goods are sold for consumption within 1 month from the passage of the act. There is not one retailer out of many thousands who has his inventory records in such shape as to inform the Government with any real degree of accuracy the age of the articles on his shelves. In other words, the auditing task that the Government would face would not only be tremendous but would be almost impossible of accomplishment. The act also provides for a refunding at the termination of the life of the act, based, of course, on another inventory at that time. The result of this would be that the Government would be deluged with claims which it would either have to pay or refute the claim by conducting another audit. The whole procedure would be cumbersome, expensive, and generally unsatisfactory.

I feel that for the Government to impose any tax on inventories at all would be to multiply the administrative effort of the Government many times over the amount of the tax involved, besides being discriminatory, in that concerns with adequate inventory records would pay the full amounts due, while concerns with less adequate records would find the door open to evasion, whether, as I have said, knowingly or otherwise.

In a word, Mr. President, I feel that this provision of the bill is impossible of operation. I believe I know something whereof I speak, and I speak for a great many others who agree with me. I do not see how this provision of the bill could possibly be administered. I believe it would lead to a great deal of confusion and in many instances, whether intentional or otherwise, injustices will grow out of it. I hope, therefore, Mr. President, that my amendment to strike out the section will prevail.

Mr. WALSH. Mr. President, I have had a great many protests filed with me against the particular provision of the pending bill which the amendment proposes to eliminate. I am in sympathy with the amendment offered by the Senator from New Jersey.

I should like to inquire of the Senator from South Carolina [Mr. SMITH], who is in charge of the bill, what objection there can be to the adoption of the amendment? It seems to me every principle of equity and justice should direct us to the elimination of the provision by accepting the amendment.

Mr. SMITH. Mr. President, the committee discussed this question very fully. It was the judgment of the committee

that when the processing tax goes into effect there will be held by many processors a large volume of raw material and therefore the tax should be levied against such material. The provision also proposes to levy a tax against that which is in transit.

So far as the equity of the matter is concerned, I think if we are going to levy the tax it should be equitably distributed, and as it is applicable to the material wherever stored this is an essential part of the provision. I am afraid that elimination of the provision will open the door to the accumulation of a tremendous stock previous to the going into effect of the bill, and therefore will enable a great many of the producers to escape payment of the tax.

Mr. WALSH. When does the bill become operative after passage?

Mr. SMITH. The Secretary of Agriculture is to determine when it shall become operative as to any particular commodity and is to issue his proclamation to that effect. As to each commodity there is what is called a consuming or productive period. Each commodity will have a basic year. In the case of cotton the year will begin the 1st of August. Whether the Secretary of Agriculture will issue a proclamation declaring that the year during which the tax on cotton shall apply shall coincide with what is known as the "cotton year", I do not know, of course. The fact is, I think no one can determine definitely under the terms of the bill what would be a year to be set aside for operation of the tax except by an arbitrary declaration on the part of the Secretary of Agriculture.

Mr. WALSH. The point which the Senator is making is that it may be any period of time between the signing of the bill by the President and the time when the processing tax upon any given commodity may be first applied by the declaration of the Secretary of Agriculture?

Mr. SMITH. Yes. If the bill were to take effect immediately, there might be an inconsequential amount of what is known as "floor stock", that is, stock already bought. But if any appreciable time should elapse, it is perfectly evident that if the tax is going to be applied everyone will avail himself of that interim to accumulate an amount of stock which would not be taxed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. Certainly.

Mr. ROBINSON of Arkansas. That would place those who are compelled to pay the tax at a very great disadvantage in competing with those who would have accumulated stocks for the express purpose of avoiding the tax.

Mr. SMITH. Yes. That was brought out before the committee. If the taxing year would become operative immediately upon the passage of the bill—

Mr. WALSH. Why could not that be done?

Mr. SMITH. That is left entirely to the discretion of the Secretary of Agriculture under the terms of the bill as it now stands. He is to declare by proclamation at what time the taxing year shall begin. I appreciate fully the point of the Senator from New Jersey in offering the amendment.

Mr. WALSH. The provision is protested very vigorously, as the Senator knows.

Mr. SMITH. Yes; because many people have stocks on hand which they bought in good faith and have since sold against them. Therefore there is provision in the bill that in the case of those who hold an accumulated stock against which they have already sold for future delivery goods made out of such stock, the processor is not liable for the tax. The vendee becomes liable and not the vendor. Whenever it is made known that the goods produced out of the stock on hand when the tax goes into effect have already been sold for forward delivery, then the vendee pays the tax and not the vendor. But if he has not sold the goods against his stock or if there is any doubt about it, he pays the tax on the floor stock he possesses, and his right to pass the tax on will be according to his ability to



show that he made a contract previous to the time when the tax was levied.

Mr. BARBOUR. Mr. President, I am entirely in sympathy with the situation described by the able Senator from South Carolina, who is in charge of the bill. I have spoken to a number of people about the point he raises. I am still convinced, however, that this very complicated bill—and certainly without any criticism I can say it is a very complicated bill—contains probably no feature, which from a mercantile point of view is going to be more difficult to operate, so far as those who pay the tax are concerned, than is this particular feature; and the Government, in order to collect the tax, in my opinion, if it shall do so with any degree of fairness, will be put to an expense for auditing that will exceed the amount that it can possibly collect. The result, I am sure, as I said a few moments ago, is going to be that many concerns which are in a position to do so will be able to make a good statement of their situation as covered by this section, while others will not be, and there will be definite discrimination and confusion.

While I realize that the wishes of the Senator from South Carolina probably will prevail, I do hope that this amendment will be adopted, and I make that statement with nothing but the friendliest feeling. I offered it because I felt it my duty to do so in the light of the widespread protests that came to me from people who are anxious to conform to this law, whatever it may be, when it shall be passed, as I suppose it will be.

Mr. SMITH. Mr. President, as a matter of course, taking this title in its entirety, if this part is eliminated it will lead, in my opinion, to confusion, and I think will further complicate the bill. However, I will leave the matter entirely to the judgment of the Senate. Let them vote on it.

Mr. WALSH. Mr. President, I ask permission to insert in the RECORD some written protests I have had against this provision of the bill which the amendment seeks to correct.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

BOSTON, MASS., April 12, 1933.

HON. DAVID I. WALSH,  
United States Senate:

Associated Industries of Massachusetts believes it would be impractical to impartially collect proposed tax on retail floor stocks in the farm bill, and is of the opinion that the Bankhead amendment is unfair.

O. L. STONE.

WATERTOWN, MASS., April 12, 1933.

Senator DAVID I. WALSH,  
Senate Office Building:

We wish to protest against tax on retail floor stocks in proposed farm bill as being unfair and practically impossible to impartially collect.

W. HARVEY LUCAS,  
President Watertown Chamber of Commerce.

BOSTON, MASS., April 12, 1933.

HON. DAVID I. WALSH,  
Senate Office Building:

We strongly disapprove processing tax, as well as tax on retail floor stocks in proposed farm bill. Think Bankhead amendment unfair and discriminatory.

AMORY COOLIDGE,  
Vice President Pepperell Manufacturing Co.

NEW YORK, N.Y., April 12, 1933.

Hon. Senator DAVID I. WALSH:

Representing our 1,500 Massachusetts employees, we think tax on floor stock in proposed farm bill unreasonable. Impracticable to collect tax fairly. Also think Bankhead amendment unfair and discriminatory. Your cooperation in blocking this measure would be appreciated.

S. M. JONES,  
President Arnold Print Works, North Adams, Mass.

MILFORD, MASS., April 15, 1933.

Senator DAVID I. WALSH,  
Senate Office Building:

We protest vigorously against the floor tax contained farm relief bill, especially against discriminatory feature contained Bankhead amendment. If same should come to vote, we urge you vote

against it in interest simple justice, because to do otherwise would lend administration stamp approval to unwarranted discrimination between different business classes.

ARCHER RUBBER CO.

GARDNER, MASS., April 11, 1933.

Hon. DAVID I. WALSH,

Senate Office Building, Washington, D.C.:

As a voter, taxpayer, and employer of labor in the Commonwealth of Massachusetts, I hereby enter a protest to a proposed provision in the proposed farm bill, namely, the tax on floor stocks, and emphatically against the discriminatory parts of the Bankhead amendment. Practically impossible to collect floor tax from most merchants.

F. A. HARNISH.

BOSTON, MASS., April 9, 1933.

Hon. DAVID I. WALSH,

United States Senate, Washington, D.C.:

C. F. Hovey Co., a Massachusetts corporation, 100 years in retail business in Boston, lately affiliated with other stores, its officers, stockholders, and employees numbering 600, object to discriminatory features of Bankhead amendment to farm relief bill, which singles out certain stores and puts an unfair and unequitable tax on them as against other stores.

C. F. HOVEY CO.

WATERTOWN, MASS., April 12, 1933.

Senator DAVID I. WALSH,  
Senate Office Building:

We believe Bankhead amendment to farm bill unfair and discriminatory, and it seems to us that a tax on retail floor stocks would be almost impossible to collect fairly.

ARTHUR B. NEWHALL,  
President Hood Rubber Co.

FIRST NATIONAL STORES, INC.,  
Somerville, Mass., April 10, 1933.

Hon. DAVID I. WALSH,

United States Senate, Washington, D.C.

MY DEAR SENATOR: The farm relief bill, if enacted in its present form, is going to be a serious blow to the consumers of our State, and particularly so under present conditions of unemployment and general depression.

The unfair discrimination in the taxing of stocks on hand in chain stores, to which must be immediately added processing charges, will still further accentuate the New England consumer's problem. Such discrimination not only is unjust but possibly unconstitutional. The preponderance of patronage of the chain store comes from the wage earner and those of moderate income, and this class is certainly entitled to equal consideration with those that are more fortunate in world's goods and can afford the comfort and expense of credit and service. This latter class has in effect a 30-day privilege, exempt from this particular taxation. The less fortunate are taxed immediately.

I am sure your voice and influence will be offered in opposition to such discriminatory provision, and as well must believe that you will contest vigorously for the general interest of Massachusetts citizens.

We believe that the agriculturist should be helped in some way, although their troubles are largely due to overproduction. The farmer is not the only one that has made a similar mistake. In sugar, copper, and generally all along the line, overproduction has been permitted, in fact, encouraged. Farmers in northern Maine complain of their low potato market, but when they have practically doubled the acreage in the last 6 or 7 years and are producing more potatoes than people can ordinarily consume, whose fault is it but their own?

Sincerely yours,

C. F. ADAMS, Treasurer.

Mr. BAILEY. Mr. President, it is my intention to speak on the bill as a whole, and in the course of the discussion to undertake a rather definite analysis of certain of its parts.

The purpose of the bill is to relieve the farmers of America, and thereby turn the tide of general disaster—a purpose to which every one of us subscribes and which none of us would resist.

This purpose, I do not hesitate to say after very earnest examination, cannot be accomplished by this bill, not so long as 2 and 2 make 4. Assuming every premise and every price increase predicated, this bill cannot succeed.

Mr. President, if it cannot succeed, and we go to the country in this year, after a long period of disappointed hopes, and after 45 months of depression which we cannot say we have successfully coped with in any degree, if we fail now, I hesitate to consider the consequences.

It is my judgment, Mr. President, that this is no time for experiments with the Government or with its processes; and that if we may possibly find, by hesitation and deliberation,



an assured way of accomplishing the purposes which every one of us has at heart, we can well afford the delay entailed.

Mr. President, let me read to the Senate the declared policy or purposes of the bill:

It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1, 1914. In the case of tobacco, the base period shall be the post-war period, September 1919–August 1928.

That is the first objective of the bill.

(2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

(3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909–July 1914.

In a word, it is the declared policy of the bill—and if the Congress adopts it, of the Congress—to turn back the clock 20 years. Old King Canute undertook to beat back the waves of the sea; but, so far as I know, this is the first time that any human being since has undertaken to turn back the tides of time.

They tell us that we are to look for "happy days"; that "happy days are here again"; and those happy days, Senators, are to be the happy days of the Taft administration! The consumers of America and the farmers of America are to be returned to the conditions under the Payne-Aldrich tariff of the Taft administration, of the return from Elba, and of that discontent in America which drove from power the party responsible for those conditions, and left it, as I recollect, with but two States to its credit in the electoral college.

But even if it were good to return to those days, since our memories are not so accurate, and since at least we Democrats have subscribed to the view that the revolution in America that brought on "the new freedom" and Woodrow Wilson was justified by the underlying conditions—even if the return to those days would improve in any measurable way our condition, I am here to say that, while there may be something of infinite power hidden somewhere in the earth of which I know nothing, there is no power in this Government and there is no power in this Congress to undo the processes of 20 years of history, of 20 years of the most portentous history in all the story of mankind, and restore to farmers and consumers, or to either or to anyone, the status quo of 1909–14.

The water under the dam, the extravagances and the follies, the Great War itself, with consequences to be compared only with the consequences of Adam's first disobedience and the fall—all these stand in our way with a peculiar power and force, and would block us even though we might assume that under happier conditions, and at the end of a period less tremendous in its events, we might make some measurable progress by way of turning back the clock for 20 years and undoing all the processes of history and of experience.

Mr. President, it was Joshua, the great captain of the conquest of the Promised Land, who made the sun to stand still on Gibeon and the moon to pause in the vale of Ajalon, but it is not in the power of Ezekiel. No modern and no ancient Ezekiel could arrest the tide of time; and he might just as well have ordered, in the bill which has been prepared for us, that this old world should reverse her course and turn backward 365 days in the year on her axis from the east to the west, and then reverse her course upon her great orbit and go the other way for 20 years.

We may apply logarithms to hogs and the formulas of calculus to wheat, but we cannot restore the status quo be-

tween consumers and producers in our land as of 20 years ago.

Something has been said about relative prices. I am here to say that while Mr. Einstein has made something of a contribution by way of the theory of relativity in the vast universe which surrounds us, I do not understand that the Einstein theory of relativity can be applied to a great population, or to the hogs and the wheat and the corn and the cotton which they produce from year to year. Yet nothing less than that is solemnly proposed in this bill.

It is as if we should undertake to get from the Arabian Nights and Bagdad a magic carpet, and undertake to sail back and find ourselves not moving from place to place but from one era back to another, from one set of conditions back to another.

Suppose, Mr. President, we could move backward in the mere matter of relation of prices; what does this bill do with the \$11,000,000,000 of the farm debt? That goes back, and will someone tell me that the farmers of the United States could pay \$11,000,000,000 of their indebtedness under the conditions of 1909 to 1914?

Suppose we could ride upon this magic carpet, and place ourselves once again under the conditions of prices and profits, the relative relation of purchasing power, as of that far date. Suppose we could. What would we have to say as to the capacity of ourselves so placed, and particularly as to the capacity of the farmers of the United States so placed, to pay the annual taxes, which have risen in this 20-year period by from 700 to a thousand percent; and of America as a whole, for this bill takes in the consumer and the producer, undertaking on the basis of the relative purchasing power of the farmer in 1909 to 1914 as compared with the things he sells and the things he buys? Go back to it, and then tell me how the American people with that income will bear the load of \$150,000,000,000 of debt, of \$14,000,000,000 of annual taxes, and of from six to seven billion dollars of annual interest.

I submit that these are the facts and these are the conditions with which this bill proposes to deal, and I submit that it is more impossible to bring prosperity to the American people, more impossible to arrest the fateful tide of this series of disasters which we call the depression, it is more impossible to do that thing in this way, than it is to turn the sun backward in its course from day to day for 20 long years.

Mr. President, it never occurred to me before that the period from 1909 to 1914 was such a good period. That was the period when the discontent was so thoroughgoing in this country that "Roosevelt the First" bolted his party, led a revolt, tore down the old temple of the party which had made him President, and made the way for the first Democratic administration since the days of Grover Cleveland. Yet we Democrats here now, invested with the power of the country, propose nothing better for ourselves, nothing better for our fellow men, nothing better for our country than that we shall return to precisely the same conditions which thrust the Republicans out of power, which laid the foundation of the Bull Moose movement, and gave us an 8-year tenure of office, not to carry out the policies then in vogue but to destroy them, and place the doctrines of the new freedom in their stead.

Mr. President, the whole fallacy of this bill is this: It attempts, with the 1914 parity, to establish something in the nature of an income for the farmer, and, with all due respect to the scientific gentlemen and the great economists who prepared it, omits the primary and overwhelming factors of the farmer's debt, the farmer's taxes, and the farmer's wages.

I have here the chart prepared by the Department of Agriculture of the United States of prices received by the farmers and prices paid for commodities by farmers, farm wages, and farm taxes. If we have any authority for our information, this is the official authority. Upon the reading of the map one can well understand why the 1909 to 1914 base was taken. It does happen that in 1909 to 1914 the



line of farmer's prices received and the line of farmer's prices paid and the relative line of farmer's taxes and the relative line of wages he paid his workers ran together, until about 1915. Watch the lines and see where this chart places us on the threshold of this legislation at this very hour.

Where are the farmer's taxes? They are at point 170. What does this bill proposed to do? It proposes to lift the farmer's prices from the point 80 to the point 100, a mere matter of the relation of the figure or quantity 20 to the figure 170. I hope Senators get the force of that. We help him 20 points, when, so far as taxes are concerned, he is in the hole 170 points. It is as if a man were in a well 170 feet deep and we lifted him 20 feet from the bottom, and told him we had done something for him.

Take the commodities. The commodities purchased by farmer are at point 130. The farmer's point is the point 80. We propose to carry the farmer to the point 100, which is 20 points, and he still has 30 points to go to get on the former level.

We may take the same thing with regard to the farmer's debt. We propose to lift the prices which the farmer receives by the sum of a possible 20 to 30 points, getting back to the 1910 to 1915 level, and we leave him there with a debt of \$11,000,000,000 around his neck and tell him we have done something for him. I wonder what he will say to that. How will he ever pay that debt? The debt has risen, as we know, from about three billion to eleven billion, 250 points, and we tell him we are going to do something for him, and we lift him up 20 to 30 points in his prices. That is the size of this bill.

Mr. President, here is the document of the Department of Agriculture. Here is the price level; and if we hold out to the farmer the hope, if we tell the farmer we have done something for him, we tell him that knowing that we lifted his prices 30 points, knowing that his debts and his taxes and his wages were still from 50 to 200 points above the level of 1910 to 1915, I wonder what he will say when the realities come home to him.

The President offers us this bill as an experiment. I want to know where is the compulsion here for us blindly to proceed in the performance of an experiment with the American people?

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. FLETCHER. I am very much interested in the Senator's argument that we are only helping the farmer to increase commodity prices 20 to 30 points and that we are doing nothing with reference to his taxes and his debt. Can the Senator point out how Congress can give the farmer any relief with reference to his taxes and his debt?

Mr. BAILEY. Mr. President, I shall come to that, and I would not have undertaken to say what I have said without the full intention of coming to that.

The President proposes this vast undertaking as an experiment. I am going to offer my humble opinion with the utmost respect. I desire to uphold the President's hands. I desire to defend his administration. I want it to succeed, not for his sake, and not for the sake of the Democratic Party, either, but I want it to succeed for the sake of the masses of mankind here and throughout the world.

Mr. President, it is my sober judgment that we cannot render a better service to the President, to the party, to the country, when a matter is proposed to us here as an experiment, than to look it over, try to see through it, and, if we are convinced that the experiment cannot succeed, to have the courage and the candor and the sympathy and the friendship for the President himself frankly to say so, and to seek, as the Senator from Florida has just now suggested, a way by which we can have some assurance that it will meet the demands of a situation so great and so crucial.

I wish now to address myself, just for a moment, in passing to the rather natural urgency that we have had here for the passage of this bill. I can understand the attitude of Senators who press us to abandon our arguments

and to make way for votes; but, Mr. President, we had better delay a week or 10 days and not disappoint the hopes of the American people and not make a blunder of which they and we will be the victims so long as we live and our children after us; we had better delay rather than make such a mistake.

Moreover, it is entirely too late, Mr. President, for this bill to do the American farmers any good whatever this year, and, since the time is past, why should we not take time to find a better way? Here is what the President himself said:

The proposed legislation is necessary now for the simple reason that the spring crops will soon be planted—

That was on March 16—

and if we wait for another month or 6 weeks the effect on the prices of this year's crops will be wholly lost.

That was on March 16, and this, if I mistake not, is April 18; the month is gone. There is not one of us here who believes that the bill will pass the other House and the Senate and emerge from conference on the Senate amendments within the space of 5 or 6 more days. There is nobody in America who takes the view that this bill can be put into any sort of substantial effect in 2 weeks or 3 weeks or 4 weeks or 5 weeks. When we look abroad over our land today, we see that all the wheat that will ever be gathered this year is up; all the hogs that will be slaughtered this year have been farrowed; practically all the cotton that will be gathered this year has been planted or the land has been prepared for it. I think, in all of Texas except for the panhandle, all of Alabama, all of Mississippi, all of Georgia except the extreme northern part, all of eastern North Carolina—I can speak for that section definitely—practically everywhere through the Cotton Belt we know that by the 1st of May every seed that is going to be worthwhile has been placed in the rows.

So far as tobacco is concerned, it requires no stretch of imagination to see the plant beds with the plants 5 and 6 inches high on every hillside in the Tobacco Belt, and if the rains and the seasons are favorable the tobacco planters will be transplanting those plants into the furrows every day now, with a view to having all the tobacco that is going to be planted set out by the 1st of May. Yet this bill was projected in contemplation of inducements to the farmers, by way of certain rewards held out through the medium of a rather hopeless taxation, to cut their crops in the year 1933.

So I say, Mr. President, that, so far as the time limit of this bill is concerned, and so far as any necessity for expedition is demanded, the time has passed, and every one of the crops will have been planted before the Congress or the President or the Secretary of Agriculture can offer any inducement to even 10 percent of them. There is, therefore, no reason for haste.

Mr. President, so far I have argued that the bill cannot in any manner meet the necessities of the farmer's plight. I will not undertake to sum it up; I have given the Senate the facts; I have given them the chart. I think I must have demonstrated that there is very little hope; there is very little of reward; there is nothing of compensation; there is nothing of antidote to the woes of the farmers or our woes in this proposal to restore the purchasing power of the period, from 1909 to 1914, in view of the fact that they must deal with and they must bear the burden of 1933 debts, of 1933 interest, of 1933 taxes, and of 1933 wages.

I will proceed now to an examination of some of the details of the bill, and more especially with respect to cotton. I am going to address my remarks very largely to the Senators from the cotton States. I affirm with the utmost deliberation, and knowing the meaning of my words, that there is not in this bill one penny for any farmer in the South, so far as cotton is concerned.

What does it propose? It proposes to levy a tax on the domestic processor that will lift the price of cotton from its present level of 6½ cents a pound to from 12 to 12½ cents a pound. That is not disputed. It proposes to do



that with respect only to the American consumer and the American mills. It happens to be one of the facts, with which we somehow find ourselves unwilling to reckon, that the farmers who produce the cotton of our land sell 9,000,000 bales in the foreign market, and not one penny of any tax will ever go to them. We know that and they know that, and nobody will contend to the contrary. So, assuming that the tax will be effectual and that it will be 6 cents, we find that that 6 cents is confined to five fourteenths of the normal crop, or the 5,000,000 bales consumed in this country.

Now, let us make the calculation: Five fourteenths is approximately one third, and one third of 6 is 2. So, on the face of this bill, all the cotton farmer could get is 2 cents more a pound. But he will not get that. He will have to pay his part of the tax if he ever buys a shirt or a pair of cotton socks. If he is a consumer, like the rest of us—and the bill predicates that he will be a consumer—he pays his share of the tax; and so we will take that off. Further, he will get the benefit of the tax only on condition that he reduces his crop; he has got to reduce it out of that 2 cents. So we will take that off. I do not know how much it will be. Further, he has got to stand for the expense. I do not know what that will be, but I can see the swarms of new officeholders, and I can read the bill, and I can read the testimony of the Secretary of Agriculture when he calls for \$15,000 salaries, although I think the committee finally persuaded him that he had better stick to \$10,000 salaries.

So, when the farmer pays his part of the tax, reduces his part of the crop, pays his part of the expense of the administration—trusting, after those deductions have been made, to the tender mercies of the Secretary of Agriculture to give him the balance—I think it will be a case of minus rather than plus. All of that is taken from the 2 cents; and there never has been a 2-cent piece on earth that would account for that much.

That is the size of the cotton proposition. I would not hold out to the cotton farmers of North Carolina, to whom I am responsible, the hope—I would be ashamed to go home if I did—that there was one penny in this bill for them.

So far as tobacco is concerned—and that is now the principal crop of my State—

Mr. SMITH. Mr. President—

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Does the Senator from North Carolina yield to the Senator from South Carolina?

Mr. BAILEY. Certainly.

Mr. SMITH. Perhaps there has been a mistake made by the Department and those who drafted this bill in reference to cotton.

Mr. BAILEY. I think there have been several mistakes made.

Mr. SMITH. Let us devote ourselves to this one. The inclusion of the provision establishing the basic period as that from 1909 to 1914 contemplated evidently 12 cents a pound or 12½ cents a pound for all the cotton, for the entire crop, and not merely for that portion domestically consumed. Therefore, if the Senator will make the computation, he will find that, in order to bring the cotton crop, all of it, up to the 12-cents-a-pound price, which is supposed to be the objective—

Mr. BAILEY. That is to bring up to that price the 5,000,000 bales domestically consumed.

Mr. SMITH. No; to bring the entire crop up to that point.

Mr. BAILEY. Then call it 14,000,000 bales.

Mr. SMITH. Let us assume that during the base period all cotton brought 12 cents, that every bale, both exported and domestically consumed cotton, brought that amount. In order to bring that parity back, we must have 12 cents on the entire cotton crop. In order to do that, cotton now being worth 6½ cents and 45 percent of it being domestically consumed and 55 percent being exported, it is necessary to get a price on the 45 percent which, added to the present price of 6 cents a pound would bring the average of the entire crop to 12½ cents. Therefore, we would have for the domestically consumed portion 21 cents, or

\$105 a bale in order to obtain an average of 12½ cents a pound.

Mr. BAILEY. And unquestionably the consumers of America would pay that bill.

Mr. SMITH. That is the real condition. To take 100 bales of cotton as an illustration, 55 of them at 6 cents a pound and 45 of them at such a price as will make the average crop bring 12½ cents, it will be found that it is necessary to have 21 cents, or \$105 a bale, for the 45 bales domestically consumed in order to bring the average up to 12½ cents a pound.

Mr. BAILEY. The Senator will agree that that line of argument was not made in the hearings and was not made by the Senator himself. I recall the speech he made in which he used the figure—not 21 but 12½.

Mr. SMITH. I call attention to the fact that it was provided both in the previous bill and in this bill that the extreme amount of the tax would be 6 cents a pound. I figured out then that there would be a little less than 2 cents a pound, and that was the official statement that we received—that there would be added only 6 cents a pound.

Mr. BAILEY. That is exactly what I am arguing, if I may say so.

Mr. SMITH. Precisely; but there is where I claim there has been a very serious and fatal mistake.

Mr. BAILEY. I thank the Senator. That is exactly what I was undertaking to say. There has been a very serious and fatal mistake, I believe. The same serious and fatal mistake is proposed with reference to tobacco. We must bear in mind that on the average 40 percent of the tobacco produced in America is exported. The tax should not apply except on the other 60 percent. I am going a little farther and bear in mind with respect to the tobacco in my own State that 60 percent of it is exported and 40 percent is consumed domestically. The authors of the bill—I do not know who they were—were so startled by their own theory, were confronted with the facts of 1909 and 1914 with respect to tobacco with such force that they actually abandoned the entire theory of the bill and fixed tobacco on post-war prices, and that in itself condemns the intellectual honesty of the men who conceived the plan. They cannot blow hot and cold with this question. It is either right to find the pre-war basis or right to find the post-war basis, but they cannot play both ends against the middle.

So much for that. I am now going into the bill. The bill appears to me to be in the nature of and in the manner of and after the form of a sandwich. Part 1, the authorship of which is justly due to the Chairman of the Committee on Agriculture and Forestry, the senior Senator from South Carolina [Mr. SMITH], and which I have supported heretofore and will support as long as I have the opportunity, is the good section of the bill. It would do more to get rid of the surplus, to lift the price of cotton, to relieve the farmers of the South, than all the rest of the bills that have been proposed in the Congress in 2 years. I am for it. That is the top layer of the sandwich and it is very attractive. I voted for it. I shall vote for it again, and I shall welcome an opportunity now to vote for it as a separate measure. I hope to introduce an amendment which will give me that opportunity.

Title 2, the agricultural-credit section of the bill, is also acceptable. Relief of the financial or farm-mortgage debtors' burden is absolutely indispensable. Mr. President, the farmers of America are bearing the burden of these mortgages upon their back; and whether at present prices or at the pre-war basis of prices, the burden is unbearable. With respect to these mortgages and these debts and these burdens we have to face the alternative of relief or ruin.

I make the assertion that the financial features of the agricultural-credit section of the bill will do a great deal more for the land banks than for the farmer. I am much more concerned with relief for the farmers than I am with relief for the land banks, but I am willing to relieve both if thereby I can relieve the farmer. I think it will boost the price of land-bank bonds. It might relieve the stockholders of the land banks from threatened assessments, but



it also cuts down the farmer's interest, it cuts down the farmer's debt, gives the farmer a breathing spell. But with interest down and debts down and a breathing spell altogether, if he is not to get any more out of his harvest this year relatively than he got in 1909 and 1914, then God help him! The bill will not avail. He needs something more.

Between those two layers of the sandwich, the attractive upper portion and the attractive under portion, is the middle part of the sandwich, and it ought to be the meat of the sandwich. But instead of meat I undertake to say that the processing tax and the price-fixing theory are the most veritable concoction of legislative confusion and ineffectiveness, the most veritable composition of political and economic poison, the most far-fetched and far-reaching vagaries that ever gave promise of passage by the Congress. This section will not only not save the farmer but it will tend to destroy the Republic, and I wish to be heard on that for a moment.

It never occurred to me that I would live to see the day when it would be coolly proposed anywhere in America that we should so far forget the liberties which we received from our fathers, and which are guaranteed in the Constitution as to undertake to fix a price by actual law anywhere in this land. When we fix it by taxation, we fix it just as much as if we did it by an imperial decree from a throne. It never occurred to me that it would be proposed in this Congress that we should make it a crime to pay less than the price fixed by a Secretary or the Congress or a President. We have tried to mollify that damnable proposition by making the thousand-dollar penalty recoverable in a civil suit. I do not know that there is any great difference. The penalty is a penalty and the effect of it is to destroy liberty in America.

I said something about the preservation of the Republic. She is not going by way of arms. I am not afraid of that. She is not going by sedition and conspiracy. This Republic will go when American liberty goes, in every step we take, giving way here and giving way there, negating personal liberty or the right of personal property or the right of personal security almost unawares—here and here, there and there, forgetting the great traditions of the past that ought to guide us, forgetting the great standards by means of which the Republic has ever lived and must live, forgetting the spiritual fountains that have made her the source of light and life for 144 years. When we forget, when we cease to exercise eternal vigilance, we begin to see the Republic taking a transformation and losing a character which amounts to more than revolution.

What happened abroad? Everywhere this depression has had the effect of destroying liberty. It destroyed it in Italy. It destroyed it in Russia. The other day it destroyed it in Germany. Here we are setting out upon a course of fixing prices by decree, fixing prices by taxation, setting up over the whole fabric of industry and agriculture one man with supreme power, and it does not occur to us that we are thereby throwing into the crucible of this depression the character of the Republic itself.

To go into a more definite and specific analysis of the bill:

The bill proposes the most oppressive series of taxes that were ever proposed by any government, whether free or tyrannic. One of our Senators referred the other day to taxes on wheat imposed by Louis XVI in France as being 55 percent. If the Senator from South Carolina [Mr. SMITH] is correct, we propose a tax on cotton of 300 percent, we propose a tax on wheat of 100 percent, and we propose a similar tax on hogs. What comfort is it to the American citizen to lay that tax and then tell him we are going to take it from the consumer and hand it over to him? If it does not oppress him, it oppresses the other man, and if he hates oppression of himself, he will hate the oppression of other men.

On the other hand, this tax will not be paid by the mills. We know that. It will not be paid by the cotton or tobacco factories. We know that. If this tax is to be laid, it is going to be paid by the consumers of America, and we all know that.

Who are the consumers of America? Who are the people that wear cotton shirts in America? Who are the people that eat the wheat of America? Who are the people that eat the pork of America? It is the American people. It is the poor fellow in the bread line. It is the man out of work. It is the man whose wages have already been cut in half. It is all America. When these taxes go on, if they ever go on, they are going on by way of reduced consumption and oppression and privation, and they will reflect themselves in the last analysis in an unbearable burden on the back of the farmer himself. Cut off his domestic consumption, deprive or limit him in his domestic market, and we will compel him to sell what he has left in the merciless markets of the world. He will pay it in the last analysis. That is the proposition. The poor have always paid the taxes in the last analysis. We may lay it on whom we please, we may lay it any way we please; but if I know anything about taxes, they are a burden on the back of the man who bends between the plow handles, who runs the machine, who works in the ditch. Taxes press down upon the great body of the helpless population in every respect.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. I yield.

Mr. KING. Will it interrupt the Senator to ask whether, from his very careful examination and analysis of the bill, he has reached the conclusion that the bill will increase the burdens upon the consumer?

Mr. BAILEY. It will place burdens on the consumer first. Apparently it puts a burden on the processor, but he passes it on to the consumer.

(At this point the Senate, sitting as a court for the trial of articles of impeachment against Judge Harold Louderback, resumed its session, and Mr. BAILEY temporarily yielded the floor. The impeachment proceedings appear following his remarks.)

Mr. BAILEY. Mr. President, when we were interrupted by the impeachment proceedings, the Senator from Utah [Mr. KING] had asked me if I was claiming that the consumer would bear the burden of these processing taxes. That is correct; is it not?

Mr. KING. Mr. President, I intended to inquire whether, in the opinion of the Senator, all of the burdens imposed by this bill—burdens which it is alleged will be brought about by reason of the increase of prices of farm commodities—will not finally rest upon the poor consumers throughout the United States.

Mr. BAILEY. Does the Senator wish me to answer that?

Mr. KING. I do.

Mr. BAILEY. I did not claim that, and I am glad the Senator has asked me the question. I think I can make something clear here about taxes.

This tax will rest first as a burden upon the processor; and it will be a real burden, as all taxes are. He will pass it on to the consumer, and it will be a real burden to the consumer, as all taxes are. He will pass it on to everybody else he can, back to the farmer; and finally it will manifest itself in reduced consumption, and the farmer will pay the bill at the expense of selling his surpluses in the world market.

That is the iniquity of taxation. It curses every human being it falls upon whenever it gets beyond the point of being for the necessities of the Government. Old Adam Smith said that 150 years ago and it looks as if the world will never learn it; and, last of all, it seems as if the taxpayers will never learn it. The great body of the people do not seem to learn it.

There is no escape from the burden of a tax on the whole body politic. It strikes the consumer in the present circumstances with terrifying power and ruinous force, but it does not rest there. It goes all the way through. I trust I have made that plain.

Mr. KING. As I understand the Senator, then, this bill is not for the benefit of the consumer; and no one here, apparently, unless it is the able Senator, is making any plea



in behalf of the great body of consumers of the United States upon whom these burdens ultimately must rest.

Mr. BAILEY. I would not claim to be making any plea for anybody. I never in my life got up and said I was a friend of this one or that one. I am undertaking to analyze the bill and tell the truth about it. I think every man in the Senate is just as good a friend of the farmer as every other man. I have always thought so; and I do not like it when people assume that they are the special friends of anyone. We are Senators. We are legislators. We have our oaths to keep and our duties to perform. I do not make any professions of great friendship in any direction. I let men judge me by what I do. I think every Senator here is just as good a friend of the American people, all of them together, as every other man is; and I shall always maintain that attitude. I think every man here wants to get rid of this depression just as earnestly as every other man does. Of course he does—every man in America.

I think it is time somebody said in the Senate that we Senators are not sitting here indifferently. We have the same concerns that the fathers of the little families have in their homes. We have the same problems. We have the same hearts. We are all in earnest about this. We are trying to find the truth about this matter. We are trying to do the right thing.

I do not hesitate to say that if I thought this bill would meet the demands of this situation and not destroy the character of our Republic, no power would keep me from supporting it. Thinking as I do, no power in the world can make me support it. I know it is wrong. I have already shown by the facts and figures that it is wrong; but I am not through with the analysis.

This bill has a lot of comfort for the processors. This bill, by way of comfort and consolation to the processors and getting them to support it, and having succeeded in very large measure, coolly proposes to abrogate the anti-trust laws of the United States; and I want to drive that home. Where are the processors? Where is the process taxpayers' lobby? They folded their tents like the Arabs and silently stole away 2 weeks ago. We are not having any trouble here by any lobby of that sort. They have gone. You cannot find one in Washington. Why? Here is why:

Mr. Ezekiel—

This is the testimony before the Committee on Agriculture and Forestry, on page 19:

The language of paragraph 2—

Which I will read, if necessary—

modifies the application of the antitrust laws to a degree and in the same way that the Capper-Volstead Act modifies the application of the antitrust law to cooperative-marketing associations—

And that is an absolute abrogation.

Again—

Under the discretion of the Secretary of Agriculture instead of the Department of Justice—

We simply get a new king.

I think the English-speaking race has labored some 500 years to put up a structure forbidding unreasonable restraints of trade and destroying monopolies; but, as the price of the acquiescence of the process taxpayers in this legislation, we propose at one swoop to let them combine, fix rules, and determine charges; and Mr. Ezekiel, the author of the thing, as I am informed—I do not know—himself tells us that it will abrogate the antitrust laws.

Now, what is the picture?

Here is the farmer on one hand. He is taxed. Here is the consumer over here. He is taxed. Here is the industry over here. It is combined; and the new ruler of America, not responsible to the American people in any way whatever, not the Congress and not the President but the Secretary of Agriculture, is supreme over all.

It is a singular commentary that I make here, that the man who rules Russia is not a president, and not a king; he is a secretary. The title of Mr. Stalin is "Secretary of the Soviet Union of Russia." I will not dwell on that.

Mr. KING. Mr. President, before the Senator leaves that subject, may I ask him if he does not wish to modify the statement as to the Secretary of Agriculture being the ruler? I notice in the morning Post the following:

Miss Perkins asks control of production. Held back by President.

It would seem as if there is to be a competitor to the Secretary of Agriculture, to wit, the Secretary of Labor, who is to control production in the United States. I thought the Senator might want to modify his statement.

Mr. BAILEY. Mr. President, I believe it is a good rule, since we go back to the past—and I hope I may speak it lightly—that wherever we have a king, we ought to have a queen. I do not think there is any trouble about that. [Laughter.]

Mr. President, I am through with the point I was making, and I want to take up the next point. We Democrats commit ourselves in this bill to a prohibitive-tariff policy, being a party pledged against the existing tariff system. I have heard of paradoxes in my life, but that is the chief. In the very hour when we propose it we see in every paper that comes forth the statement that the Secretary of State of the United States, and the President himself, are making overtures to the other nations with a view to readjusting the tariffs. We here build a wall to heaven in one moment and invite them to cut it down in the next. If that policy is sound, then we, in the enactment of this measure, are destroying that very policy.

Mr. President, that is not all. The bill proposes a tax on commerce between the States after a manner and in a degree without precedent and without parallel in our history. I think I get the meaning of that. This Union has four great bonds. One is the Constitution, one is the Federal courts, one is the banking and currency system, and the other is freedom of commerce between the States. Whenever any one of those bonds is impaired, we are striking a blow at the bonds of the Union. We think it is well entrenched, we think it will last forever, but empires and republics do not fall by force; they fall by disintegration, and they die in the hands of men who do not know they are dying. Their destroyer is not the assassin, not the deliberate man with a stiletto who strikes in the night, but the man who does not think on the meaning of his acts or the import of the legislation which he espouses. That is the way it happens. Starvation will not kill us, but forgetfulness will destroy us.

The taxes proposed in the bill are taxes on commerce between the States; we cannot avoid it that they are. The tax on cotton is a tax on the commerce of the South with the North. The tax on tobacco is a tax on the commerce of North Carolina with the rest of the Union. The tax on wheat is a tax on the West in its commerce with the South. I notice all the way through the bill there runs the little legend, "in the current of interstate commerce." It is there that we undertake to found the tax.

Now hear me, Mr. President and Senators, if we break this country up into tax zones, and if we proceed along a line which will induce a manufacturer to confine his manufactures to his State in order to escape the burden of this tax, it will not make any difference any more whether we call it the American Union or not. If I understand the bill and understand the Constitution and the law, that could be done. The hosiery mill in my State, which sells throughout the Union, could establish a little mill in some fair hamlet in the Commonwealth, buy its yarns within the State, and announce to the Union and to the taxgatherer that it would never sell a pair of hose outside of the bounds of North Carolina. Then its product would not be in the current of interstate commerce, and would not be taxable; and what would we have as a consequence of that? We would destroy the great capital structures which employ the labor of the land, and we would segregate every State into a little commercial empire of its own. That is the fair implication of this bill. We have had enough of nationalism in the world, but this bill looks to a State nationalism.



Again, the bill predicates an unprecedented transfer of both the taxing power and the appropriating power from the Congress, elected by and responsible to the people, to the Secretary of Agriculture. We live in the presence of amazing things. What is proposed? We are not to tell the Secretary what the tax shall be; he is to tell us. We do not even fix the limits of the tax; it is an indefinite tax. That is bad enough.

I never thought we would come to the time when we would let a President of the United States lay a tax upon the American people, but here we are asked to give the power to the Secretary of Agriculture, who never received a vote in his life, and will never have to answer to the people. I say to Senators, that is the beginning of the end of representative government in the United States. If I cannot be represented, if I cannot hold the man who taxes me to answer to me, I have the word of the Constitution itself, and of the Supreme Court, as to what happens. The Supreme Court declares that the only real check on the taxing power is the answerability of the taxing power to the people, and that it will not look behind it. In case after case it has said that. Yet here is a man who does not answer to the people, and here is the end of tax limitation.

Mr. President, that is not the worst of it. The most singular thing to me is that we not only would give him the taxing power, uncontrolled and unchecked, but we would give him the appropriating power. Here is a great fund. None of us knows how much it is; some say \$500,000,000, some \$800,000,000; I do not know. I will take one or either or both. Who distributes it? The Secretary of Agriculture. Who gets it? Whoever he says gets it. He can take every dollar that is derived from tobacco and give it to the cotton farmer. He can take every dollar derived from cotton and give it to the wheat farmer. He can take every dollar taken from the hog processor and give it to the rice people. There are no limits, no checks, no balances.

I did think, Mr. President, that if anything was secure in the United States, it was the system of checks and balances fixed in the old Constitution. And here we are asked to throw the power to tax and the power to appropriate into the hands of a man who is not responsible to the people. Arbitrary? Uncertain? We will never know how much the tax is to be from one month to the next. It is in his sole discretion.

Mr. President, on top of that, it is proposed to have every industry in the United States which deals with these articles come humbly upon its knees to the Capital here at Washington, crawl the steps of the Department of Agriculture, and ask the Secretary for a license to do business. He says that by means of that license he will make them behave. That is in the testimony here.

Mr. President, I want to know when the American people were looking for a taskmaster. When did we ever get to the point where we would put a man up with the supreme power of taxation, and the supreme power of appropriation, and tell him that we and our fellow citizens do not intend ever again to do business except at his leave and with a license from his hand? That is in the bill.

I spoke just now about liberty, and there is some more to be said about liberty, there is some more to be said about the character of the American Republic. I say, Mr. President, she has a character that was built in the hearts of the fathers. She has a character that was created by 140 years of glorious history; and, when we put a taskmaster over the people, and allow him to lay the taxes which he wishes to lay, and make the appropriations which he wants to make, and issue the licenses he chooses to issue, I say with great lamentation, and I regret to say it, she has lost her character; she is not the old Republic; she is not the ship of state our fathers knew; she is not the vessel to take us through this night and storm.

What further? It is proposed in this bill, Senators, to lay taxes not for the Government and not for public purposes. I have the decisions here, but I am not going to trouble Senators or the Record with them. The definition of taxation is so elementary that it never occurred to me that any

human being would conceive of taxes in the United States as anything except something for the support of the Government in its public functions as established by the Constitution. We always thought the welfare clause in section 8 and the first paragraph was a limitation on taxation. If this bill goes through and the Supreme Court sustains it, the welfare clause will from thenceforward on be the authority for taxation. That is where we stand, and on that point I should like to make a remark in passing. When we convert the welfare clause into authority for taxes rather than a limitation upon taxes, we have removed the last limit upon the taxing power.

Assume that the tax will come to \$600,000,000. It was a courageous thing, it was a great demand made upon the Congress, it was very noble in the President to call upon us to pass the Economy Act. Every man here had to go through it in a sacrificial sort of spirit just as the President did. We thought we had a defense for it. I thought I could go home and tell the boys whose allowances were being cut down, tell the widows whose allowances were being cut down that I was sorry, but that it was a necessity of the great Government which they loved and for which the boys had fought. I thought I could make that argument.

Pass this bill and put \$600,000,000 taxes on the consumers of the United States and where is the argument? If it was necessary, in the interest of this hoped-for recovery and the welfare of our Government, to take from 400 to 800 million dollars off the backs of the people, by what reasoning do we propose now calmly to put that tax right back on them and in a worse way than it was before?

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER (Mr. McAdoo in the chair). Does the Senator from North Carolina yield to the Senator from Illinois?

Mr. BAILEY. Certainly.

Mr. LEWIS. I would ask the able Senator from North Carolina if he has had time to make comparisons between the provisions of the pending bill, at which his able address seems to level criticism, with the bill for the establishment of the War Industries Board and the procedure which followed it under the Wilson administration? Where is the difference between the two?

Mr. BAILEY. I must say that I have not made that comparison, and I would not undertake to make a comparison of this measure with any other measure growing out of conditions existing during the World War. I think some of us have gotten into a strange state of confusion in that we argue many things here in time of peace as if we were in a state of war. The war acts are not precedents.

Mr. LEWIS. May I not ask the eminent Senator from North Carolina if in the present condition of this country and the needs and demands of its people the situation is not parallel to that which exists in time of war?

Mr. BAILEY. I answer the Senator by saying by no means, and perhaps it is the opposite. America was prosperous during the war; we were making money as we rarely had ever made it. Cotton was selling at \$200 a bale during the war; it is selling now at \$30 a bale. There never was such a tide of prosperity in any land as we had during the war. This is a depression, and present economic conditions are entirely opposite from those which then prevailed. I hear men say that our present situation is worse than war. It may be, but granted that it is worse than war, how does that argue that precedents under the National Defense Act, when the Government really has supreme power, the Constitution not being abrogated but concentrating on defense, all authority being thrown into the saving of the country against insurrection or the invader, justify us in similar measures in time of peace when we are confronted by economic problems and difficulties?

Mr. LEWIS. May I take the liberty to refresh my mind or find myself in error? The high price of cotton at the time to which the Senator alludes was not because it was cotton but because as cotton it was a constituent element of munitions of war.



Mr. BAILEY. I beg the Senator's pardon. Wheat went up practically in the same way, and the Government had to stop its rise.

Mr. LEWIS. The rise in the case of wheat was due to a similar cause, that it was a necessity for all the soldiers engaged in the war, which made a larger demand than ordinarily.

Mr. BAILEY. No; I will go farther, and say that land went up in the same way.

Mr. LEWIS. That was because it produced the wheat, as well as the cotton.

Mr. BAILEY. Very well. Poultry went up in the same way; beef went up in the same way.

Mr. LEWIS. May I not ask the Senator if it was not the exigency of war that caused it?

Mr. BAILEY. I have no doubt that the war was the underlying cause. I am not dealing with that difficulty at all, but am simply trying to answer the suggestion as to cotton.

Mr. LEWIS. May I ask the Senator if in time of peace we may not take the doctrine of taxation, to which he addressed himself in the way of criticism, laid down in the *Oleomargarine case*? Did not the Government in that case adopt the method and exact form of taxation now proposed, and was it not sustained by the Supreme Court of the United States?

Mr. BAILEY. I realize that that act was sustained, as a number of other acts of similar character were sustained, and that they may be, in some sense of the word, in the nature of precedents, but by no means can we make the leap from the tax on oleomargarine or from the decision in the *Oleomargarine case* to the pending measure which seeks to put taxes not on articles such as oleomargarine, not as contrasted with some other articles, but to put taxes upon articles enumerated, ranging from 33 to 150 percent; and not for the support of the Government, not as a matter of inspection, not as a matter of preventing the sale of a deleterious article, but wholly as a matter of revenue for the purposes of public distribution or group distribution. I think there is a very wide difference.

Mr. LEWIS. The Senator does not recognize, then, that this tax is proposed to be levied for the benefit of the Government in order that the Government may preserve its citizens.

Mr. BAILEY. I would very greatly restrict that. I just made some remarks on the welfare clause apropos of just what the Senator is saying; but the tax here proposed is not a tax for the Government; it does not go to the Government. The Government collects it and agrees on the face of the bill to send it, distribute it to a certain group.

The Government's functions are described in the Constitution. We are all familiar with what the Government has to do. This is not a governmental tax in that sense at all. This is a tax to gather a bounty to be paid to the farmers at the will of the Secretary of Agriculture as he may say when, how, and how much. It does not relate at all to the functions of the Government.

Now, Mr. President, we crown the whole structure with a marvelous bureaucracy. Here is the Democratic Party, which went out on ten thousand stumps in 1930 and 1932 and brought down all the curses of heaven upon bureaucracy everywhere. Now look at the one which will follow the enactment of this bill. We have some bureaus in Washington; we have had some before; but under the one now proposed, every industry is answerable to the Secretary of Agriculture; every farmer is dependent upon him, and there is a horde—how many I cannot estimate; 30,000, 50,000, 100,000—of agents, inspectors, collectors, and accountants, going forth to run agriculture and the industry of the land, all of it answerable to a bureau at Washington, and a bureau not elected by the people.

I think it was a former Senator, James A. Reed, of Missouri, who described the officeholders under the Republican administration as more multitudinous than the lice of Egypt and more pestiferous than the frogs and grasshoppers that drove Pharaoh to desperation. I invoke his spirit when

we are about to create this bureau, the spirit of one who stood for simplicity of government, who denounced bureaus, and strove to reduce their number.

Mr. President, I have given my reasons. I am going to sum up just a little now by saying that, while I feel, in all probability, the bill will pass, I am comforted by two facts: One is that the President himself claims nothing for the bill and he promises to revoke it after the damage has been done; if it proves a failure, he will be the first to come into court and take it back. But it does not do a dead man's friends much good to have the doctor come in and admit his mistake.

The other thing that comforts me more than that is this: I know that the common judgment of the Senate of the United States is against this bill. I may appear to vote with the minority, but my heart will be with the hearts of the majority. I have never since I have been here heard a bill advocated on this floor with less enthusiasm and denounced in the cloakrooms with more ardor than this one has been. Somebody ought to go up to the White House, and, with great respect and with utter friendship such as I have for the President, tell him in solemn truth that that is the fact.

Mr. President, I read the moving story the other day of that disaster in the air, the wreck of the *Akron*. The testimony in the court of inquiry was very simple. The discipline was perfect; the men on board were strong, noble men; the captain was a good captain, and the admiral himself was there. They were not wanting in brains; they were not wanting in courage; and it seemed to me a tragic sort of thing that that majestic ship and those seventy-odd men, caught in a storm that appeared to surround them on every side, should, by some strange fatality, take precisely the wrong direction at precisely the moment of destruction. The whole explanation, Mr. President, of the wreck of the *Akron* is that instead of going west the ship turned east, was caught in the center of the storm, and in the twinkling of an eye all was lost. I have, Mr. President, some sense of responsibility here. After 45 months of struggle with the great storm that sweeps our country, and in a great measure all the world, with its darkness and its night, I have some sense of the crucial character of the hour, and I have a profound feeling that it cannot last forever; it cannot last much longer; and if now we take the wrong direction, who can answer for the consequences?

I have sometimes thought lately, Mr. President, that there might be on the skies a little cloud the size of a man's hand, from which we could take hope that the long drought is to pass. If I may change the figure, I have read the newspapers recently of the increase in carloadings; I have seen the price of cotton a little stimulated; I have seen price of hogs rising just a little; I have seen the price of wheat leap rather remarkably and corn even more remarkably. As I read the figures of commerce, I said, "Well, after all, the tide that left us in 1929, that swept out in such a flood and so far to sea and left the shores with us upon them, so dark, drear, and forbidding; the tide that swept so far and left all of us in such a dread and hopeless state must again return"; and I thought that in these prices I could see the little silvery ripple, such as one may mark along the shoreline of our Atlantic, and marking, note a freshness and a color there that tells us at last the tide has turned, and hour by hour will rise until it floods again and all the dark and forbidding shore be swept with light and joy. It is not beyond the possibilities, Mr. President, that after 45 months, nearly 4 years, of ebbing tide we stand now at the return of the flood, and if we do, and then a fatal mistake shall be made, neither ourselves nor those who come after us will ever be able to justify it or make a sufficient apology for our existence.

So, Mr. President, I come now to the point of the better remedy, as I promised the Senator from Texas I would. Is there a better remedy? Is there a remedy in America available to the Congress and to the American people which will meet the demands of \$11,000,000,000 of debts and from 250 to 1,000 percent increase in taxes? Is there a hope that



the farmers of America can make such profits on their harvest as will enable them to pay their debts? That has been the problem from the outset. I know that I am going to tread on dangerous ground, but I am going to tread carefully.

I read the report of the committee. The committee was not satisfied with the bill. The committee dared to utter the word "inflation", and I wondered at its courage. I think we have fallen under a misapprehension on that subject. I am not an advocate of inflation in the wild or incontinent and foolish sense, and no other man in the possession of his senses could be. We have here in the library, and I have read a great deal of it, the story of inflation in Belgium and France and England and Germany following the conclusion of the Great War. The German inflation was a deliberate plan of a deeply indebted and hysterical government, indebted to its own people, to extinguish as rapidly as possible its debts. It was a policy of wreck and ruin, and while there have arisen in Germany since then some 25 political parties and there have been many campaigns, every party in every campaign has stated as a principal plank in its platform that there shall be no such inflation as that.

When men talk to me about inflation in those terms, I think of the German experience. I have heard that there can be a measure of regulation of our currency of the dollar value—no longer the gold value, but the dollar value now, for we are off the gold standard. There can be a measure of regulation, I think within the laws now on the books. That will not be inflation in the German sense, which we all abhor, but will correct the course of the deflation that has ruined us all. Tell me the plummet sank 6 feet below level whereas it should have been 6 feet above, and I might at least have the right to bring the plummet back to the level.

Here are the conditions now existing in our land for that sort of inflation—I mean now in the sense that the President used when he uttered the expression, "Sound and adequate currency." Here are the conditions: The floating debt of our Treasury today is approaching \$7,000,000,000. That debt will never be funded except by inflationary methods. It cannot be done. The power is not here. The realities are not here. Congress has appropriated \$500,000,000 for relief of the destitute to be paid probably within a year. We have in the bill now before us \$2,000,000,000 for refinancing the farmer. We have another bill for refinancing the home owners on a different plan, but calling for considerable money. Altogether, the American Republic is face to face with the fact that it has to handle something like \$10,000,000,000 of floating debt. That is what it will be—not a dollar from the taxpayer as such, but all from the taxpayer in the long run, to be sure.

If we should move in that direction—and we have got to do it sooner or later—if we will come to meet that situation in the only manner in which it can be met, we will have all the inflation as the crops come in that is necessary to restore prices to a reasonable normalcy. We will cut down the debts, cut down the taxes, and lift the commodity values. There is no trouble about that. Walter Lippmann, the publicist, was denouncing that sort of thing 3 months ago, and in last Sunday's paper he is advocating it. Arthur Salter, the economist of the League of Nations for 12 years, and recognized as probably the foremost of all the economists of Great Britain, had an article in the New York Times of last Sunday in which he attributes the improved condition in England to precisely that sort of inflation—a drop in the pound value with which we are all familiar.

Adam Smith, the father of political economy and to whom we can look, notwithstanding many events and many changes, with more assurance even now than we ever could look to anybody that has written since, has laid down in his book, *The Wealth of Nations*, that it is always in the power of a king or government to regulate money and to increase prices. It must be controlled. It must be held in hand. It is held in hand in England. It is held in hand in

France. It is held in hand in Germany. It is being held in hand in the United States of America at this moment.

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. BAILEY. I yield.

Mr. LOGAN. Does the Senator know of a single historical instance where the commodity prices were ever forced up in any way save through the inflation of currency in some manner such as has been indicated?

Mr. BAILEY. I take the point of the suggestion; but when I come to tell what I know about anything so broad, I hesitate to make a statement.

Mr. LOGAN. Let me ask the Senator if he is not acquainted with many efforts during the last two or three thousand years to force prices up by some method of legislation such as we are now considering, but does the Senator know of any instance when it ever succeeded permanently?

Mr. BAILEY. No, I do not think we could predicate anything by saying with a view to a permanent and lasting set-up. I am not dealing with that, and the bill is not dealing with it. I am dealing with the immediate necessity of enabling producers of raw material, the providential wealth of our land, for that is what it really is, to receive a return from their products comparable to the return they received before the infernal deflation set in. I am trying to correct it. I do think that we can strike a balance that will be, so far as you and I are concerned, a permanent thing, but I am not going to guarantee a great deal for any great period of years, because I know that is a vain undertaking in a world like this.

Mr. LOGAN. Is it not the opinion of the Senator that we can accomplish all that it is sought to accomplish by this bill and by other similar bills now pending by an inflation or expansion of the currency? Is not that the only feasible and sensible way to increase commodity prices?

Mr. BAILEY. That is just what I am urging.

Mr. LOGAN. I am agreeing with the Senator.

Mr. BAILEY. I am saying we cannot guarantee permanently anything of that sort, and I am not going to try to guarantee permanency in anything in a world that is as temporal as this one.

Mr. LOGAN. About the only thing that is permanent is human misery, and that has always been with us. We have been trying to correct it throughout the ages, but so far it appears we have not made very much progress.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. I yield.

Mr. KING. Does the Senator think any great increase in currency without its being employed in commercial and industrial activities would be of much avail?

Mr. BAILEY. Let me interrupt the Senator. I am not subscribing merely to the quantitative theory of currency. That is only part of it. I spoke of the \$10,000,000,000 that we will have to raise in one way or another, and that will go into circulation. We have to have not only quantity, but we have to have circulation, and then we have to have velocity of circulation. I would not give a straw for \$100,000,000,000 of paper dollars stuck down yonder in the Treasury. I want to make that perfectly clear.

Mr. LOGAN. Mr. President, if the Senator will yield further—

Mr. BAILEY. Certainly.

Mr. LOGAN. Simply an increase in the quantity of currency, unless there is some method to get it into the hands of the people in some legitimate way, would be of no assistance. Of course velocity of circulation has as much to do with it as the quantity of the money outstanding.

Mr. BAILEY. It is like a river. If the river does not run, it is a pond. The minute it begins to run, it is a river, and the faster it runs the more power there is in the river.

Mr. KING. Mr. President, will the Senator yield further?



The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. BAILEY. Certainly.

Mr. KING. We have an illustration at hand. Many banks today have larger resources and a larger amount of currency than they ever possessed, but it does not flow out into the channels of trade and commerce. It does not add to the happiness, prosperity, or production of the American people. What we need is a safe and sound currency, an adequate currency, a currency that will be used in industry and employment to furnish work for the great masses of the people.

Mr. BAILEY. I thank the Senator. The sooner the money piled up in the banks gets into circulation in profitable enterprise, and no other, the better for the country. I could make a speech at this point on that subject, but I am not going to detain the Senate. I am simply going to say that as long as the Senate of the United States—and I say it with every respect—pursues a policy that is always threatening business and industry, we cannot hope that human beings will put their money into those institutions. They will hide it in the vaults; and when the vaults give way, they will bury it in the ground, and they will be wise to do it. I say that with great emphasis, but it should be so said.

Mr. LOGAN. Mr. President, will the Senator yield again?

Mr. BAILEY. Certainly.

Mr. LOGAN. In speaking, however, of the protection of business, would the Senator make that superior to the happiness of the great masses of the people which must likewise be protected?

Mr. BAILEY. I am glad the Senator asked that question. The happiness of the American people is always dependent upon the prosperity of enterprise. May I say to the Senator from Kentucky that it is not a mere matter of which one of the two we seek to make happy. If I had the magic wand to make a million children happy, I would rather do it than to make the Senator from Kentucky happy, and he would be glad for me to make that choice. But that is not the question here. Will the Senate hear me when I say this? The number of men employed is always measured by the number of dollars invested.

Mr. LOGAN. I assent to that. That is true.

Mr. BAILEY. All right. Now, if we want to make the unemployed man happy, or the employed man happy, let us follow a course in this Congress that will make men feel like putting their money into enterprises. We now tax them out of confidence, we ask them to build factories and then make it impossible for them to succeed. We fix prices, we limit hours, we regulate, and pile on the taxes. I do not wonder that they seek the ways and means of extricating their capital from such a situation, lest it be taken from them.

Mr. LOGAN. Mr. President, will the Senator yield further?

Mr. BAILEY. Yes; certainly.

Mr. LOGAN. I do not believe the Senator means to say that capital should resent the attempts of Congress to pass laws regulating the activities of capital. I do not believe the Senator means to convey the idea that the Senate and the Congress ought to keep their hands off big industry and capital, and make no attempt to restrain it, and prevent its exploiting the poor.

Mr. BAILEY. I am satisfied with the Senator's statement. I do not mean to say anything foolish while I am in the possession of my senses. That would be foolish for anybody to say.

Mr. LOGAN. Does the Senator think there have not been many who have advocated in the past, and many who are advocating now that we ought never to touch the big business of the country, that money is sacred, and that Congressmen and Senators have not sense enough to legislate about big financial institutions? There are many who believe that; many adhere to it, and many preach it, but I cannot agree to any such doctrine as that.

Mr. BAILEY. I am sorry that the memory of the Senator is so short, and that my speech is so long. It has not been

long since I was saying that it had been one of the supreme efforts of the English-speaking people to prevent monopolies and unreasonable restraints upon trade. I will go with the Senator anywhere for a reasonable and a righteous supervision of the Government over commerce. We have that. I hate fraud, and I will stay the hand of greed, and you will, too. But—

Mr. BONE. Mr. President—

Mr. BAILEY. Let me finish, if you please. But that is quite a different proposition from the proposition now, and the proposition of the last several years, I may say, which has kept practically every business man in America in terror of the tax gatherer and the meddler. We know about that.

The Senator asked me if I was encouraging capital not to invest money. The feeble words I might say would serve no purpose. I am telling you now that nobody will invest money in a land where the Government tells you how long a man shall work, threatens to fix his wages, and leaves the employer to the mercies of the politician to get a return on his capital. No, sir! I think one of the great points in the turn of the tide of this depression would be the adoption by the United States Government of a policy that would induce men who have money—I do not mean especially the rich man, but the man with \$500, or the man with \$10,000, or the man with a million dollars—that would induce them to put it out, and give them some assurance that if they did it would not be taken up with taxation and regulation.

Now I am glad to yield to the Senator from Washington.

Mr. BONE. Mr. President, the Senator made one statement that interested me greatly. I desire to ask him if he feels that he is accurate in that statement. Perhaps I misunderstood him; but I believe he stated that the number of men employed in industry is proportionate to the investment.

Mr. BAILEY. In direct ratio; yes.

Mr. BONE. In the light of what is now happening in the world of industry in the perfection of machinery, I wonder if the Senator feels that that is a wholly accurate statement.

Not long ago I walked into a factory where 10,000 men formerly had been employed in the process of producing automobile frames. I saw those men supplanted by the introduction of a great machine by means of which now 200 men turn out these 10,000 automobile frames. I have seen the same process employed in the production of hydro-electric energy. I have seen the step-up, the increase in the tempo of production, within the past few years. It has become the outstanding phenomenon of our industrial life; and I wondered if the Senator really meant his statement in that way.

Mr. BAILEY. I will say to the Senator that he is going to see a great deal more of it. The more we meddle with business the more it is going to be induced to employ machines rather than men. The effect of the 30-hour law that we passed the other day is going to be to put the man with capital to the necessity of getting some sort of a machine that is not subject to any laws, that can run all night and all day—and, unfortunately, we have that sort of machines in the world now.

I will answer the Senator, however. The statement I made was simply the old statement of political economy that I do not know has ever been challenged. I do not think the Senator here meant to challenge it. This is the formula: The number of men employed is in direct ratio to the amount of capital invested.

Mr. BLACK rose.

Mr. BAILEY. Now, wait. I see the Senator is going to spring, but probably I can anticipate somewhat. I know that with the development of machinery and the bringing in of motors the ratio as of the time prior to that must undergo a readjustment; but in the new condition the same rule applies with the same force.

Now, hear me further:

How could men be employed if capital were not invested? How could a man work in a mill if somebody had not subscribed to its stock? How could a man work in a print shop if somebody were not running it with capital? Why, it is self-evident. How could a man build a house as a



carpenter unless somebody were back there with capital to pay him his wages? And, of course, if you go into the philosophy of it, you will find that the capital is the wage working in one way and the worker is working to make the wage in the other way, and both are working together and neither wanes without the other.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BAILEY. Yes; certainly.

Mr. BLACK. First with reference to the suggestion of the Senator that a reduction of hours will increase the use of machinery, may I state to the Senator that it is a formula as well known and perhaps better supported than the one to which he has referred that in times of depression, when people are out of work, the improvement of machinery is more greatly accelerated than at any other time. But, now, with reference to the formula which the Senator mentions, that the employment of men is directly in proportion to the investment of capital—

Mr. BAILEY. Always in direct ratio; yes, sir.

Mr. BLACK. At the present time we have enough shoe factories in the United States to manufacture 900,000,000 pairs of shoes in a year. The most we have ever sold is 300,000,000 pairs. Does there not have to be an explanation of the formula to which the Senator refers?

Mr. BAILEY. There might be, but I think—

Mr. BLACK. Mr. President—

Mr. BAILEY. Let me answer the Senator at that point.

Mr. BLACK. I should like to add just this—

Mr. BAILEY. I should like to answer the question, may it please the Senator, that he has asked.

Mr. BLACK. I have not finished it.

Mr. BAILEY. I beg the Senator's pardon. The Senator may ask two questions then and I will answer two at once. Go right ahead.

Mr. BLACK. By reason of the fact that today all over America every factory, every type of business, is overbuilt, instead of the employment of men being in direct ratio to the amount of invested capital, the exact opposite has occurred. Because capital has invested more of the products of labor and capital than it should it has thereby deprived labor of its purchasing power which could have been used to purchase the output of factories, and now the factories themselves find that they cannot employ men in direct ratio to the amount of invested capital.

Mr. BAILEY. I do not exactly get the Senator's question. It is just a remark, but I will respond to the remark.

I am well aware of the state of facts that the Senator states. I raise no question about it. Here is, say, a cotton mill worth \$5,000,000. There is that much capital invested. The Senator argues that because that cotton mill has \$5,000,000 invested, therefore the thing should run and employ men. The Senator was simply saying, just now, that there were a lot of idle mills in the country, and a lot of unemployed people; that capital was invested, and still was not employing anyone. That is what I understood he meant by his remarks. I am willing to be cleared up if I have misapprehended what the Senator said.

Mr. BLACK. What I meant was that it was impossible to state that the employment of men now was in direct ratio to the amount of invested capital or dollars, by reason of the fact that there is an overinvestment of capital in manufacturing enterprises.

Mr. BAILEY. There may be. I will agree that there may be an overinvestment; but that does not affect the rule.

Mr. BLACK. And therefore that the rule cannot apply, by reason of the fact that there would be more men employed today if there had been less money taken from labor to invest in overbuilding machinery and factories, and more of it left to the men to buy the products of the factories. So that the rule cannot fit modern conditions today with reference to the overbuilding of factories.

Mr. BAILEY. Mr. President, neither this rule nor any other rule that I know of should be expected to fit momentary or passing conditions. The whole principle of life is one of variation and exception; but let us get this matter straight.

The capital invested and not employing today is what is troubling the Senator's mind. It is true that capital is invested, but it is gone. The value went. It has shrunk.

Mr. LOGAN. Mr. President—

Mr. BAILEY. Let me finish. I should like to answer one question, and then I will yield to the Senator for another.

When the shrinkage in the value of capital structures occurred in America, the Senator must realize that by a fair estimation more than \$100,000,000,000 were withdrawn from investment and disappeared as completely as Banquo's ghost, and that has as much to do with unemployment as anything I know of.

Now, wait. I know the Senator is going to say that one came first, and the other second. Let that go. I will not undertake to discuss that. Whether the hen laid the egg or the egg hatched the hen is an interminable question. I prefer not to get into that. We are dealing with the principles of political economy. We return right back to the proposition that nothing employs labor to any great extent except money invested; and the more the money invested the more the men are employed. I should think that would be so elementary that no question would ever be raised about it; for, as I said just now, on what basis is a human being employed in this world except on the basis of an investment of capital? Even the farmer has to invest capital, and even the tenant farmer has to go on the farmer's invested capital. I think you will find that that applies all the way down. What I am saying is that I have no patience with a line of political action and thinking at a time like this which advises men they must not borrow money because if they do they will lose it, and they must not put it in any investment, whether land or houses or mills, or the tax gatherer will get it. I am not asking people to hoard. I am not advocating that; but when men hide their money away under circumstances of that sort I can but admire their prudence.

Mr. BLACK. Mr. President, will the Senator yield again?

Mr. BAILEY. Certainly.

Mr. BLACK. I agree with the able Senator fully in a part of what he has said, that capital will not be invested unless there is some hope of obtaining a profit in our capitalistic system.

Mr. BAILEY. I am in favor of the capitalistic system. I am glad to say that.

Mr. BLACK. So am I.

Mr. BAILEY. This is the system we have, and I am glad the Senator is in favor of it.

Mr. BLACK. I am not in favor of the abuses which have grown up, and I am not willing to sit silent and permit the capitalistic system to destroy itself by reason of a blind adherence to old forms.

Mr. BAILEY. Perhaps the capitalistic system might be heard now and then to cry out, "God save us from our friends."

Mr. BLACK. I think the Senator is correct; I think it could cry out in loud tones, "God save us from our friends who are not willing to recognize that abuses are destroying it and eating at the very vitals and fundamentals of our Government."

What I started to say was this: There is no question about the sufficiency of the money in the banks, as the Senator has said, if it can be invested in some place where it can be utilized to the profit of the investors. But in what particular line of industry is it to be invested? If we must permit people to work others 15 hours a day, or 12, or 16, or whatever they want to work them, where may money be invested in any factory where the industry is not overbuilt? The cotton factories are overbuilt, the hosiery mills are overbuilt, the shoe factories are overbuilt, every other line of endeavor in this country is overbuilt. Therefore until there is some operation whereby the purchasers may buy the output of the factories so that more money needs to be invested, of course industries cannot expand. So I say that today the number of people at work is by no means in direct ratio to the amount of capital invested in business. It can-



not be, because there is all that surplus capital that has been invested in business which cannot sell its products.

Mr. BAILEY. Mr. President, the Senator rose to ask me a question, and he has made several affirmations and no interrogatory, so I feel I ought to thank him for his commentary.

Now, I yield to the Senator from Kentucky.

Mr. BLACK. I am glad to have added to the Senator's remarks.

Mr. BAILEY. I am very much obliged.

Mr. LOGAN. Mr. President, I want to make this suggestion to the Senator, that the rule to which he has adverted about the investment of capital and the employment of labor is perfectly sound, and no one can dispute it. But I believe it should be modified, and probably has always been, and that is understood, that it implies capital wisely invested and not capital that is unwisely invested.

Mr. BAILEY. I should say there that the rule would be, if the Senator wants to make it very strict, that it implies capital profitably invested.

Mr. LOGAN. That would be better. Then one other thing, and I will not trouble the Senator any further. I simply desire to remind the Senator that the trouble with Banquo's ghost was that it would not disappear, instead of not appearing, as suggested.

Mr. BAILEY. I would say that this is the first human being I have seen who has seen it. I was very much amazed. I thought he had finally disappeared. But perhaps he walks the watches of the night in Kentucky, certainly not elsewhere. [Laughter.]

Mr. President, I said just now that I was for the capitalistic system. I wish to make that perfectly clear. I did not intend to dwell on it. The American system is not essentially the capitalistic system. Capitalism in America is an incident of the character of the Government. Capitalism is an incident of liberty. I am for the liberty system. Individualism implies capitalism. Collectivism destroys both liberty and capital. I think that ought to be very simply said and very easily understood.

When I attach myself to the right of personal security, to the right of personal property, to the right of personal liberty, I lay the foundations of the individualistic system, and one of the incidents of that system is capitalism. We have to make a choice in the United States. I think sometimes we are pretty close to it. We are closer to it than we suspect. We have to choose in this land whether this will be a collectivism Government negating the liberties, or an individualistic Government affirming the liberties. The Constitution, thank God, still affirms the liberties.

Mr. President, I do not read the preamble of the Constitution for nothing.

To secure the blessings of liberty to ourselves and our posterity.

I think I know what that means. That does not stop with the writers of that Constitution. That stretches through 3,000 years, culminating and flowering in the English civilization first. I could go back to Cicero himself in the Roman Senate, who cried out, "Preserve, O Romans, the liberties which the fathers have won for our inheritance."

Mr. President, I have finished. I am very grateful to the Senators who have listened to me and discussed the matter with me. I wish to come very quickly to my conclusion.

The pending bill strikes at the character of the Government. It serves no good purpose for the farmer. It is an impossibility which contradicts itself; an anachronism.

I feel that it is a very solemn thing for us here, in the springtime, and knowing that the harvest is to come next fall, to set out upon a course which would do nothing for the farmer when he gathers his wheat or picks his cotton or grades his tobacco. I should like to go a way that would mean something for him. I would rather do that than anything I know. But next to that and in its way above that, incomparably above it all, I think we have the character of the Republic at stake in this series of measures we

are carrying on here and considering, and I think this one vitally strikes at the character of our Republic.

Mr. President, I conclude with just one remark. It was just about a hundred years ago in this city that Andrew Jackson was President of the United States. It was a troubled time. At a banquet his friends proposed to him a toast, not knowing what he would say, the toast being "The American Union." The President, the soldier, the patriot, answered, "It must be preserved."

I propose another toast to America, to the Senate: "The character of the American Union: it must be preserved."

#### IMPEACHMENT OF JUDGE HAROLD LOUDERBACK

The VICE PRESIDENT. The hour of 12:30 o'clock having arrived, the Senate is now sitting as a court in the impeachment of Harold Louderback, United States district judge for the northern district of California.

The managers on the part of the House of Representatives were announced, and they were conducted by the secretary to the minority to the seats assigned them.

The respondent, Harold Louderback, accompanied by his counsel, Walter H. Linforth, Esq., and James M. Hanley, Esq., entered the Chamber and took the seats assigned them.

The VICE PRESIDENT. The Sergeant at Arms will make proclamation.

The Sergeant at Arms made the usual proclamation.

The VICE PRESIDENT. The Journal of the proceedings of the last session of the Senate sitting for the trial of the impeachment of Harold Louderback will now be read.

Mr. ASHURST. Mr. President, I ask unanimous consent that the reading of the Journal of the previous sitting of the court be dispensed with, and that the Journal be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Chair lays before the court a resolution from the House of Representatives, which will be read.

The resolution (H.Res. 108) was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,

April 17, 1933.

Resolved, That a message be sent to the Senate by the Clerk of the House informing the Senate that the House of Representatives has adopted an amendment to article 5 of the articles of impeachment heretofore exhibited against Harold Louderback, United States district judge for the northern district of California, and that the same will be presented to the Senate by the managers on the part of the House.

And, also, that the managers have authority to file with the Secretary of the Senate, on the part of the House, any subsequent pleadings they shall deem necessary.

The VICE PRESIDENT. Have the managers on the part of the House any suggestions to offer?

Mr. Manager SUMNERS. Mr. President—

Amendment to article 5 of the articles of impeachment by the House of Representatives exhibited against Harold Louderback, judge of the United States in and for the northern district of California:

Article 5 is amended to read as follows—

The VICE PRESIDENT. The clerk will read the amendment unless the managers on the part of the House desire to do so.

Mr. ASHURST. Mr. President, with no intention to violate any rule of procedure, and affirming the greatest respect for the honorable managers on the part of the House and the honorable attorneys on the part of the respondent, I ask unanimous consent that the reading of the amended article, or the article made definite and certain, be dispensed with for this reason: The honorable managers on the part of the House have caused to be printed at length in the CONGRESSIONAL RECORD of yesterday's proceedings, and it appears on our desk today, the amended article in extenso; and tomorrow morning the appropriate officers of the Senate will reprint the said amended pleading in the pamphlets which will be placed on our desks.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona? The Chair hears none.



The amended article is as follows:

AMENDMENT TO ARTICLE 5 OF THE ARTICLES OF IMPEACHMENT BY THE HOUSE OF REPRESENTATIVES EXHIBITED AGAINST HAROLD LOUDERBACK, JUDGE OF THE UNITED STATES IN AND FOR THE NORTHERN DISTRICT OF CALIFORNIA

Article 5 is amended to read as follows:

"Article 5

"It is intended by article 5 to charge, and it is charged, that the reasonable and probable result of Harold Louderback's action in his capacity as judge in making decisions and orders in actions pending in his court and before him as said judge and by the method of appointing receivers and attorneys for receivers, by appointing incompetent receivers and attorneys, by his relationship and transactions with one Sam Leake, and by the relationship and transactions of the said Sam Leake with such appointees of the said respondent made possible and probable by the action and attitude of the said Harold Louderback, and by displaying a high degree of indifference to the interest of estates and parties in interest in receiverships before him and his court, and by displaying a high degree of interest in making it possible for certain individuals and firms to derive large fees from the funds of such estates, has been to create a general condition of wide-spread fear and distrust and disbelief in the fairness and disinterestedness of the official actions of the said Harold Louderback, and to create by his said acts, deeds, and relationships, contrary to his individual and official duty, a favorable condition and a cause for the development naturally and inevitably of rumors and suspicions destructive of public confidence in and respect for the said Harold Louderback as an individual and a judge to the scandal and disrepute of his said court and the administration of justice therein and prejudicial generally to the public respect for and public confidence in the Federal judiciary. Wherefore, the said Harold Louderback was and is guilty of misbehavior as such judge and of misdemeanors in office.

"It is hereby alleged and charged that the conduct of said Harold Louderback, as alleged in articles 1, 2, 3, and 4, and as hereinafter alleged, in its general and aggregate result has been such as reasonably and probably calculated to destroy public confidence insofar as he and his court are concerned in that degree of disinterestedness and fidelity to judicial duty and responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order;

"First, specifying as indicative of and disclosing the character and judicial attitude of said Harold Louderback revealed by his acts and official conduct to the people among whom he has jurisdiction, and the cause for the loss of public confidence of the bar and people of the northern district of California and particularly of the city of San Francisco, where the principal business of such court is transacted, on or about December 19, 1929, the said Harold Louderback appointed one Guy H. Gilbert receiver of the Sonora Phonograph Co., a going concern extensively engaged in the business of receiving and distributing radios and phonographs, the said Guy H. Gilbert being a personal and political friend of the said Harold Louderback, and an intimate friend and financial contributor to one Sam Leake, hereinafter referred to, the said Harold Louderback knowing at the time of such appointment that the whole training and experience of the said Guy H. Gilbert had been as operator and employee of a telegraph company, and the said Harold Louderback at the time of such appointment knowing with certainty that the said Guy H. Gilbert was without qualification to discharge the duties of such receivership, that the said Guy H. Gilbert was appointed such receiver by the said Harold Louderback without regard to the interest of such estate in receivership and in disregard thereof and of the interest of creditors and parties in interest and in violation of the official duty of the said Harold Louderback. That the said Gilbert after said appointment continued in his regular and usual duties and employment as employee of said telegraph company, drawing his accustomed salary during his employment of approximately 6 months as such receiver and received for such services from the funds of the estate of said Sonora Phonograph Co. the sum of \$6,800, all of which facts became the subject of newspaper comments and matters of common knowledge throughout and beyond the northern judicial district of California, to the hurt of public confidence in the said Harold Louderback, judge of said court, and to the hurt and standing of the Federal judiciary. It also became a matter of newspaper comment in connection with that receivership matter and others, that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appointment that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of \$500.

"The said Gilbert was also theretofore appointed receiver by Harold Louderback in the Stempel-Cooley case in 1929, bankruptcy, collecting during 3 or 4 months \$12,000 rents for which he was allowed a fee of \$500. In this matter, after conversation with the said Sam Leake, the said Gilbert appointed as his attorney one John Douglas Short, who was an employee in the law office of Erskine & Erskine.

"The said Short was afterward, in March 1931, appointed attorney by one H. B. Hunter, receiver in what is known in this proceeding as the "*Russell-Colvin Co. case*", and which will hereinafter be specified with reference to. In the said *Russell-Colvin case* the said H. B. Hunter, having been appointed such receiver by the said Harold Louderback, at the suggestion of the said Sam Leake, who theretofore had suggested to the said Gilbert the appointment of the said John Douglas Short in the *Stempel-Cooley case*, and the said H. B. Hunter, after his appointment as such receiver, appointed the said John Douglas Short as his attorney in said *Russell-Colvin case*, the said Harold Louderback allowing the said John Douglas Short the sum of \$50,000 on account as attorney for said receiver, H. B. Hunter.

"Preceding the appointment of the said H. B. Hunter in the said *Russell-Colvin case* the said Harold Louderback had appointed one Addison G. Strong to be receiver therein, who, because he would not designate as his attorney the said John Douglas Short, as claimed by the said Addison G. Strong, or either the said John Douglas Short or certain other attorneys, as claimed by the said Harold Louderback, the said Addison G. Strong was summarily dismissed as receiver and the said Hunter appointed in his stead, who, on the same day of his said appointment as receiver by the said Harold Louderback, tendered to the said John Douglas Short the attorneyship in said receivership matter.

"On the 25th day of March 1931 one W. L. Hathaway, father-in-law of the said John Douglas Short, advanced as a loan to the said Sam Leake the sum of \$1,000 in cash, and 2 days thereafter the said John Douglas Short, in an involved family transaction, paid to the said W. L. Hathaway, from the compensation received as attorney in the *Russell-Colvin Co. matter*, the sum of \$5,000. Three months later the said Hathaway gave to the said Leake the further sum of \$250.

"When the said Harold Louderback appointed the said H. B. Hunter, as aforesaid, receiver in the said *Russell-Colvin Co. case* at the suggestion of the said Sam Leake, and the said Hunter in turn appointed the said John Douglas Short attorney for him in the *Russell-Colvin Co. case*, he, the said Harold Louderback, resided at the Fairmont Hotel in a room registered and held in the name of the said Sam Leake, such arrangement being effected in conspiracy between the said Harold Louderback and Sam Leake to aid the said Harold Louderback in carrying out a certain plan and design, the said Harold Louderback pretending to reside in Contra Costa County, while actually and in fact residing in the city of San Francisco at the Fairmont Hotel in a room registered in the name of the said Sam Leake, the purpose and design of which arrangement having to do with the possible venue of a legal action which the said Harold Louderback contemplated might be brought against him. To further strengthen and add color to this pretended residence in Contra Costa County the said Harold Louderback registered as a voter in said Contra Costa County in violation of the laws of California, all of which transactions by the acts and conduct of the said Harold Louderback are involved in and mixed up with the official status and standing and transactions of the said Harold Louderback and are known to the people of the northern district of California and beyond such district to the disgrace and discredit of his office and to the hurt of public confidence therein and of the Federal judiciary. Thereby, as a result of such transactions, putting himself under obligation to, dependent upon, and under the influence of the said Sam Leake in a manner and to a degree utterly inconsistent with that required by the public interest of a Federal judge, and thereby putting himself, the said Harold Louderback, in an attitude with regard to obedience to law and the rights granted to litigants by the law and with regard to the standards of open candid conduct necessary to preserve for the public official that respect and confidence required by the public interest within the meaning of the provision of the Constitution requiring of Federal judges good behavior as a condition upon which their tenure of office depends. That said conduct is bad behavior and constitutes a forfeiture of the right of the said Harold Louderback to hold his the said office of judge of the northern district of California.

"In August 1931 the said Harold Louderback, without a hearing, upon a petition verified by an attorney 'upon information and belief' and without bond of indemnity, granted an equity receivership for the Prudential Holding Co., a concern engaged in extensive real-estate transactions, and appointed the said Guy H. Gilbert as receiver, who in turn designated Dinkelspiel & Dinkelspiel as his attorneys. The first information the company had of the matter was when Gilbert and Dinkelspiel & Dinkelspiel appeared in the office of said Prudential Holding Co. to take charge of its affairs. The petition filed without truth or justification was resisted by said Prudential Holding Co., but the said Harold Louderback refused to dismiss the equity receivership matter until an application for receivership in bankruptcy was applied for, which application was based upon the grounds of the said equity receivership wrongfully entertained. The bankruptcy matter fell in the division of Judge St. Sure, one of the judges of the said northern district of California. During the temporary absence of Judge St. Sure the said Harold Louderback, sitting in Judge St. Sure's division, named the said Gilbert and Dinkelspiel & Dinkelspiel receiver and attorneys, respectively, in the bankruptcy matter, and 2 days later dismissed the equity receivership. Upon the return of Judge St. Sure to his division, he, Judge St. Sure, promptly dismissed the bankruptcy proceeding because no insolvency was shown. No fees were allowed by Judge St. Sure.

"The proceedings in the matter, and the facts, transactions, and statements therein became a matter of general knowledge within and beyond the said northern district of California, with its rea-



sonable and probable and inevitable consequence to arouse dread and apprehension of the court and judicial power possessed by the said Harold Louderback on the part of the people generally, and particularly of those whose property might be seized upon through the instrumentality of such court, and generally to make said court disrespected and hateful. The said Dinkelspiel & Dinkelspiel had theretofore, and over the protest of the parties in interest on the ground that it was excessive, been allowed a fee of \$20,000 by the said Harold Louderback in the *Sonora Phonograph Co. case*, in which case they had also been associated with the said Gilbert, appointed by the said Harold Louderback as receiver therein.

"Some 6 months after the appointment of the said Gilbert and Dinkelspiel & Dinkelspiel as receiver and attorneys, respectively, in the said *Prudential Holding Co. case*, to wit, on the 17th day of February 1932, they were appointed by the said Harold Louderback receiver and attorneys, respectively, in the *Fageol Motors Co. case*. This company was known in the said northern district of California as one of the more important concerns in that part of the country. It had assets of \$3,000,000 book value and liabilities amounting to \$1,700,000, with automobile manufacturing, assembling plants, branch offices, properties, and extensive operations in California, Washington, Oregon, and Utah. The said Harold Louderback knew and the people of that community knew at the time the said Guy H. Gilbert was appointed as receiver of said Fageol Motors Co. that the said Guy H. Gilbert was utterly without qualifications to discharge the duties of said receivership. That said appointment of said Gilbert and said Dinkelspiel & Dinkelspiel was made in tyrannical and oppressive disregard of the rights and interest of the parties in interest, of the duty to conserve the assets of said company, and in disregard of his duty by the said Harold Louderback to the Government which had commissioned him to be one of its judges. That the facts and circumstances surrounding the appointment of the said Gilbert as receiver and the said Dinkelspiel & Dinkelspiel attorneys in said receivership matter and the method of procedure therein on the part of the said Harold Louderback inevitably as a necessary consequence were prejudicial to the judiciary and was to the scandal and disrepute of the court presided over by the said Harold Louderback and to the administration of justice therein, in that the said Fageol Motors Co. getting into financial difficulty the principal creditors of said company and the representatives of said Fageol Motors Co., after full conference and consideration, decided by agreement to apply to the Federal court for a receivership, and after careful consideration agreed upon Edward Fuller, of Oakland, a former official of the Chevrolet Motor Co., with extensive experience and demonstrated business and financial ability not only in the automobile business but in other matters of large proportions. Pursuant to said agreement, on the 17th day of February 1932, the papers were all prepared carrying out the plan agreed upon by Fageol Motors Co. and its creditors and the petition for receiver was filed in the Federal court of the northern district of California. By plan of assignment, determined by drawing numbers from a bag, this matter fell to the said Judge Louderback, there being three judges of said district. The parties in interest, representatives of the company and of the principal creditors, went to his chambers to see the said Judge Louderback with the papers in said matter, arriving shortly before the time for the noon recess of his court, but were advised by the clerk of the said judge that the noon recess would be delayed until 12:30, the said clerk asking what it was desired to see the judge about, and was told that it was the receivership matter of the Fageol Motors Co.; that the persons present represented the company and the larger creditors of said company; and that they had agreed upon Edward Fuller as a proper person for receiver, and to advise the judge of that fact, and that it was desired to discuss the matter with him at 1:30 p.m. At that time the parties in interest returned to see Judge Louderback and were told that Judge Louderback had got off for lunch earlier than anticipated, had some engagement, and would not return until 2:30. At 2:30 the parties in interest returned and were told by the clerk of the said Harold Louderback that Judge Louderback had already appointed the said Gilbert in said matter and that Judge Louderback was not there. In this matter the said Dinkelspiel & Dinkelspiel were also appointed attorneys for said receiver. The parties in interest, under threat of going into bankruptcy, which action would probably have ousted the said Gilbert and Dinkelspiel & Dinkelspiel entirely, effected an agreement with the said Gilbert and Dinkelspiel & Dinkelspiel by which other representatives chosen by the said parties in interest were to have effective control of the business and legal matters of the said motors company, the said Gilbert and Dinkelspiel & Dinkelspiel offering no obstruction to said representatives. The said Dinkelspiel & Dinkelspiel accepted under the circumstances from the assets of said company the sum of \$6,000 and the said Gilbert received approximately the same amount. The facts and circumstances connected with this matter show to the people of said district that the said Gilbert and Dinkelspiel & Dinkelspiel were not selected by the said Harold Louderback primarily because he deemed the said Gilbert and Dinkelspiel & Dinkelspiel best qualified to administer said estate, but resulted in large degree from the desire of the said Harold Louderback to procure for the said Gilbert and Dinkelspiel pecuniary benefits from the assets of this concern, which had been driven by financial difficulty to seek the protection of the court of the said Harold Louderback, all of which facts and circumstances received general publicity in the said northern district of California, to the scandal and disrepute of the court of said district, and when taken in connection with the explanation and

excuse offered by the said Harold Louderback for the appointment of the said Gilbert as receiver in this matter and in other matters where the public knew the said Gilbert was utterly unqualified that he, the said Harold Louderback, in so appointing the said Gilbert, was acting under the control of a sense of judicial responsibility requiring him to appoint persons known to him of efficiency and integrity to manage the affairs of estates in receivership, which explanation and excuse also has been given wide publicity in said district, the reasonable and necessary and inevitable result of the claim of such high motive under the circumstances was to create the impression and public belief that the said Harold Louderback was attempting by such claim to hide his lack of such actuating motive and to hide his real motive for making such appointments by an insincere and hypocritical claim of having been actuated by them, to the disgust and humiliation of the people of the northern district of California and to the hurt of the public interest.

"In September 1930, in the court of the said Harold Louderback, an equity receivership petition was filed in the *Golden State Asparagus case*, seeking an economical conduct of the business while its obligations were being adjusted. When the receiver was appointed the said Harold Louderback agreed to submit to said receiver a list of attorneys from which he could name his counsel, but the list was not furnished. Instead the said Harold Louderback designated as attorney for said receiver the said Dinkelspiel & Dinkelspiel without reference to the receiver. The legal work connected with the conduct of the receivership was not appreciably more difficult or voluminous than that incident to the ordinary running of the business, which had theretofore cost the business less than \$1,000 per year. The said Harold Louderback allowed the said Dinkelspiel & Dinkelspiel \$14,000 on account, while he denied the uncontested application for \$1,500 each, reasonable fees, made by the attorneys for plaintiff and defendant who had performed the only substantial legal services rendered in the case when they prevented a forced sale of the property. These attorneys, in an effort to protect the assets of the said Asparagus Co. had opposed the payment of the fees allowed to Dinkelspiel & Dinkelspiel on the ground that they were excessive. These acts of said Harold Louderback were well known to the public in and beyond said northern district of California and cumulatively added to the disrespect, apprehension, and public contempt.

"In the Lumbermen's Reciprocal Association equity receivership, a Texas insurance corporation doing business in California, the company getting into financial difficulty, the insurance commissioner for the State of California seized the assets of said company in the State of California for the benefit of California policyholders. It was determined as a matter of procedure to ask for an equity receivership with the plan that said insurance commissioner be appointed so as to permit him to continue to hold said assets and administer them without extra cost for a receiver and resultant diminution of the company's California assets. Instead, however, the said Harold Louderback designated one Samuel Shortridge, Jr., as receiver. Thereupon the official of the State of California took proper steps to terminate proceedings in the Federal court. The said Harold Louderback enjoined the insurance commissioner from proceeding under the laws of the State of California. Appeal was taken to the Federal circuit court of appeals and reversal had on the ground of lack of Federal jurisdiction, and the property ordered to be turned over to the officials of California. To this order and mandate of the circuit court of appeals the said Harold Louderback, without any authority of law, imposed a condition that said order and mandate should be complied with provided there be no appeal taken from the order made by him, the said Louderback, allowing a fee of \$6,000 to the said Shortridge and his attorney. All of which facts and circumstances became published and known in said northern district of California. By such acts the said Harold Louderback exhibited himself to the public as being willing to obstruct the officials of the State of California in their effort to conserve for citizens of California the assets of said insurance company which they had impounded, willing to assert a jurisdiction which he did not possess, willing to defy a mandate of the circuit court of appeals and attach an illegal and unconscionable condition to said mandate in order to penalize and discourage the exercise of a constitutional right of appeal for the definite and obvious purpose of making sure, so far as possible by such illegal action and coercion, that the said Shortridge and his attorney would be paid from the assets of said insurance company so impounded the fees which he, the said Harold Louderback, had allowed, all to the scandal and discredit of the said Harold Louderback and his court and prejudicial to the dignity of the judiciary.

"Wherefore the said Harold Louderback has been and is guilty of high crimes and misdemeanors in office and has not conducted himself with good behavior."

The VICE PRESIDENT. The fifth article as amended will be printed for the use of the Senate. Are there any further suggestions on the part of the managers of the House?

Mr. Manager SUMNERS. Mr. President, we have no further suggestions.

The VICE PRESIDENT. Do the counsel for the respondent desire to say anything further?

Mr. LINFORTH. Mr. President, we desire an opportunity of answering the amendment, and an opportunity also to



make a motion with reference thereto. We will have an answer ready and a motion prepared—

Mr. ASHURST. Mr. President, I beg pardon for interrupting the honorable attorney, but my audition is poor, or else the honorable attorney is speaking too low. I do not hear a word, I am sorry to say.

The VICE PRESIDENT. The counsel on the part of the respondent will permit the Chair to state the request as he understands it.

Counsel for the respondent suggest that they desire an opportunity to respond to the amended article 5, and to submit some pleadings concerning it. Counsel was about to say at what time he thought he would be prepared to offer the pleadings. Counsel will make his further statement.

Mr. LINFORTH. Mr. President, we desire to file a motion directed at the amendment to article 5, and also to file an answer in regard to article 5 as thus amended. We shall be prepared to do that by 2 o'clock today, if that will be agreeable to the honorable Senate. We have the motion and the answer ready, but we have not had an opportunity to read them since they were typed.

The VICE PRESIDENT. The Chair assumes that counsel on the part of the respondent puts his suggestion in the form of a request.

Mr. LINFORTH. Yes, Mr. President.

The VICE PRESIDENT. Counsel for the respondent requests that the Senate, sitting as a Court of Impeachment, permit him to file a motion and an answer to article 5, as amended, and states that he will be prepared to do so at 2 o'clock. Will the Senate take order in the matter, or have counsel any further suggestion to make?

Mr. ASHURST. Mr. President, what do the honorable managers on the part of the House have to say as to that?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House have no suggestion to make, except that they have no objection to the suggestion made by counsel for the respondent.

The VICE PRESIDENT. Does the Senate sitting as a court desire to make any order concerning the matter?

Mr. ASHURST. I move that the Senate, sitting as a Court of Impeachment, take a recess until 2 o'clock.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and (at 12 o'clock and 40 minutes p.m.) the Senate, sitting as a Court of Impeachment, took a recess until 2 o'clock p.m.

On the expiration of the recess, at 2 o'clock p.m., the Senate, sitting as a court for the trial of articles of impeachment presented by the House of Representatives against Harold Louderback, United States district judge for the northern district of California, resumed its session.

The PRESIDENT pro tempore assumed the chair.

The respondent, Judge Harold Louderback, accompanied by his counsel, Walter H. Linforth and James M. Hanley, entered the Chamber and took the seats provided for them.

The managers on the part of the House of Representatives were announced and were conducted by the secretary to the majority to the seats assigned to them.

The PRESIDENT pro tempore. The Chair will be pleased to hear from the counsel for the respondent.

Mr. LINFORTH. Mr. President, at this time, on behalf of the respondent, Harold Louderback, we tender and ask to be filed his answer to article 5, as amended. Along with that answer we tender a motion to strike out certain portions of article 5, as amended, and ask that that motion likewise be filed. We should like to be heard, Mr. President, a very few moments on the motion.

The PRESIDENT pro tempore. The answer presented by counsel for the respondent to article 5, as amended, and the motion relative to article 5 submitted by counsel will be received and filed.

The answer presented by counsel for the respondent to article 5, as amended, is as follows:

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA v. HAROLD LOUDERBACK UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Answer of respondent, Harold Louderback, to article 5, as amended, of the articles of impeachment exhibited against him by the House of Representatives of the United States

ANSWER TO ARTICLE 5, AS AMENDED

For answer to article 5, as amended, the respondent says that this honorable court ought not to have or take further cognizance of said fifth article of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fifth article, as amended, do not, if true, constitute an impeachable high crime and misdemeanor as defined by the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fifth article as so amended.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fifth article, as amended, said respondent saving to himself all advantages of exception to said fifth article, as amended, for answer thereto saith:

Further answering said article 5 as so amended, the respondent admits, denies, and alleges as follows:

Respondent denies that the reasonable and probable, or reasonable or probable, result of respondent's action in his capacity of judge in making of any decision or order in any action or actions pending in his court and before respondent as judge thereof, and/or, by any method of appointing any receiver or receivers, or by appointing any alleged incompetent receiver or receivers, or attorney or attorneys, and/or by any relationship or transaction or transactions with W. S. Leake, and/or by any relationship and/or transaction or transactions of said W. S. Leake with any such appointee or appointees of receivers, has made possible and/or probable and/or brought about the alleged condition in the first paragraph of said article 5, as amended, set forth.

Respondent denies that he ever displayed a high degree of indifference, or any degree of indifference to the interest of estates, or any estate, or any party or parties in interest in receiverships before him and in his court.

Respondent denies he ever displayed any such indifference or made it possible for certain and any individual or individuals to derive large fees or any large fee from any such estate or estates.

Respondent denies that any act of his has been to create, or has created, a general or any condition of widespread fear, and/or distrust, and/or disbelief in the fairness and disinterestedness of any of his official acts.

Respondent denies that by any act, deed, or relationship he has created any favorable condition, and/or a cause for the development naturally, inevitably, or at all, of rumors, and/or suspicions destructive of public confidence in and/or respect for respondent as an individual and/or as a judge, to the scandal and/or disrepute of his said court, and/or the administration of justice therein, and/or prejudicial generally, or at all, to the public respect for and/or public confidence in the Federal judiciary.

Respondent denies that he was and/or is guilty of misbehavior as such judge, and denies that he was or is guilty of misdemeanors or any misdemeanor in office.

Respondent denies that any conduct of his as alleged, is or has been as alleged in said article 5, as so amended, and denies that any alleged conduct of his in its general and/or aggregate result has been such as reasonably and probably or reasonably or probably calculated to destroy public confidence, insofar as he or his court is concerned, in that the degree of disinterestedness and/or fidelity to judicial duty and/or responsibility which the public interest requires shall be held by the people in the Federal courts and in those who administer them, and which for a Federal judge to hurt or destroy is a crime and misdemeanor of the highest order.

Answering the allegations of article 5, as amended, insofar as the same relate or refer to *Russell-Colvin Co. case*, respondent hereby refers to and incorporates herein his answer now on file herein, to article 1 of the articles of impeachment, and further says:

Respondent did not know and never had heard, prior to the inception of these proceedings, that on the 25th day of March 1931, or at any other time, John Douglas Short had given to his father-in-law, W. L. Hathaway, \$5,000, or any other sum or amount, from the compensation received by the said John Douglas Short as one of the attorneys for the receiver in the said *Russell-Colvin Co. case*.

And respondent denies that at any time prior to the inception of these proceedings he ever knew that W. L. Hathaway had advanced to W. S. Leake the sum of \$1,000, or any other sum or amount.

Respondent, upon and according to his information and belief, alleges that on or about the time in said fifth amended article referred to, the said W. L. Hathaway and his said wife made a loan of the said sum of \$1,000 to the said W. S. Leake, taking his promissory note therefor. Respondent denies that said sum so loaned or advanced to the said W. S. Leake was part or portion of the \$5,000 referred to in said fifth article, as amended, but alleges said sum was obtained by the said Hathaway and his said wife as a loan upon an insurance policy then outstanding and existing upon the life of said W. L. Hathaway.



Respondent further alleges, upon and according to his information and belief, that the payment of the sum of \$5,000 by the said John Douglas Short to the said W. L. Hathaway referred to in said article 5, as amended, and no relation whatsoever to any loan to the said W. S. Leake. That such payment of said sum of \$5,000 was made by the said John Douglas Short to the said W. L. Hathaway in repayment of moneys theretofore advanced by the said Hathaway to the said Short in the sum of \$2,435, and the remainder of said \$5,000 was to be applied as part payment of the purchase price of certain real estate theretofore conveyed by the said W. L. Hathaway to the said John Douglas Short and the wife of the latter.

Respondent denies that all or any transaction or transactions between the said W. S. Leake, W. L. Hathaway, and the said John Douglas Short, referred to in said article 5, as amended, or involved in and/or mixed up with the official status and standing or status or standing of this respondent and/or, are known to the people of the northern district of California and/or beyond such district, or elsewhere, or at all, to the disgrace and discredit or the disgrace or discredit of respondent's office and/or to the hurt of the public confidence therein and/or of the Federal judiciary.

Respondent denies that thereby, or otherwise or at all as a result of the transactions, or any of them, in said article 5 as thus amended, referred to, he has or ever did put himself under obligation to or ever was or now is dependent upon and/or ever was or now is under the influence of the said W. S. Leake in any manner and/or, to a degree utterly or at all inconsistent with that required by the public interests of a Federal judge or otherwise or at all; and

Respondent denies that thereby or otherwise or at all he ever put himself in an attitude with regard to obedience to law and/or the rights or any of them, granted to any litigant or litigants by the law and/or with regard to the standards or any standard of open, candid conduct necessary to preserve for public officials that respect and confidence required by the public interest within the meaning of the provision of the Constitution requiring of the Federal judges good behavior as a condition upon which their tenure of office depends; and

Respondent denies that he has at any time been guilty of bad behavior and/or such behavior as constitutes a forfeiture of his right to hold his said office of judge of the said northern district of California.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation therein contained, relating or referring to the said *Russell-Colvin Co. case*, so called.

Answering the allegations of article 5 as amended, insofar as the same relate and refer to the *Lumberman's Reciprocal Association case*, so called, respondent hereby refers to and incorporates herein his answer now on file herein to article 2 of the articles of impeachment, and further says:

Respondent denies that all or any of the facts or circumstances set forth in said article 5, as so amended, became published and known or published or known in the said northern district of California.

Respondent denies by any act or acts referred to in said article 5 as so amended, he exhibited himself to the public as being willing to obstruct the officials or any official of the State of California in their efforts to conserve for any citizen or citizens of the State of California the assets of said Lumberman's Reciprocal Association either impounded or otherwise; and

Respondent denies that he ever exhibited himself to the public as being willing to assert a jurisdiction he did not possess or willing to defy a mandate of the circuit court of appeals, or of any other court; and

Respondent denies he exhibited himself to the public as being willing to attach an illegal and unconscionable or illegal or unconscionable condition to the mandate in said article 5, as amended, referred to for the purpose or reason in said article 5 as amended referred to, or for any other reason or at all.

Respondent denies that any act or step taken by him as such judge in the matter of the Lumberman's Reciprocal Association matter, so-called, was or is to the scandal and discredit or the scandal or the discredit of respondent and/or to his said court, and/or prejudicial to the dignity of the judiciary.

And, except as hereinbefore admitted in his answer to article 2 of the articles of impeachment, heretofore filed herein, and in this, his answer to said article 5 as so amended, respondent denies each and every allegation contained and set forth in said article 5 as so amended, relating or referring to the said Lumberman's Reciprocal Association matter, so-called.

Answering the allegations of article 5, as amended, insofar as the same relate and refer to the *Fageol Motor Co. case*, so-called, respondent hereby refers to and incorporates herein his answer now on file herein, to article no. 3 of the articles of impeachment, and further says:

Respondent denies that he knew or that any of the people of the community referred to in said article 5 as amended, knew, that at the time the said G. H. Gilbert was appointed receiver of the Fageol Motor Co., said G. H. Gilbert was utterly, or at all, without qualification to discharge the duties of said receivership and respondent denies that said G. H. Gilbert was incompetent or without qualifications to discharge his said duties.

Respondent denies that the appointment of the said G. H. Gilbert was made in tyrannical and/or oppressive disregard of the

rights and interests, or the rights or interests, or any party in interest of the duty to conserve the assets of said company and denies that said appointment was made by respondent in disregard of his duty to the Government which had commissioned him to be one of its judges.

Respondent denies that the facts and circumstances, or any fact or circumstance, surrounding the appointment of the said Gilbert or the appointment of the said Dinkelspiel & Dinkelspiel as his attorneys, and/or the method of procedure therein on the part of this respondent inevitably, or at all, as a necessary or any consequence, were prejudicial to the judiciary and/or was to the scandal and disrespect or scandal or disrespect of the court presided over by respondent and/or to the administration of justice therein.

Respondent denies that the plan of assignment followed by the judges of the court of which respondent was and is a member, ever was or is determined by drawing numbers from a bag.

Respondent denies that the parties in interest in said matter, or any of them, under threat of going into bankruptcy, or under any other threat, effected an agreement with the said receiver and his said attorneys by which any representative or representatives chosen by them were to have effective or any control, other than as hereinafter specified, of the business and/or legal matters of said company, and denies that the said receiver and his said attorneys offered no objection to said representatives of any such alleged plan or agreement. In this behalf respondent alleges, upon and according to his information and belief, that the said receiver and his said attorneys at all times during the administration of said receivership offered to and did cooperate with the representatives and creditors of said Fageol Motor Co. in bringing about an efficient and businesslike administration of the affairs of said receivership.

Respondent denies that under the circumstances set forth in said article 5 as amended said Dinkelspiel & Dinkelspiel accepted from the assets of said company the sum of \$6,000, or any other sum, and/or the said receiver received approximately the same amount, or any amount.

Respondent alleges that at no time did he allow to said Gilbert as such receiver or to the said Dinkelspiel & Dinkelspiel, his attorneys, any compensation whatever for any service by either or any of them rendering in said receivership proceeding. That whatever compensation was allowed and whatever compensation was received by them was allowed, determined, and fixed in either some other department of the court not presided over by respondent or by the referee in bankruptcy.

Respondent denies that any fact or any circumstance connected with said Fageol Motor Co. receivership showed to the people of said district that said receiver and said attorneys were not selected by respondent primarily because he deemed them best qualified to administer said estate or that their selection or the selection of any of them resulted in a large degree, or at all, from the desire of respondent to procure for said receiver and said attorneys, or either or any of them, pecuniary benefits from the assets of said Fageol Motor Co.

And respondent denies that all or any of the facts and circumstances referred to or set forth in said article 5, as so amended, received general or any publicity in the northern district of California or elsewhere, to the scandal and disrepute or to the scandal or disrepute of the court of said district.

Respondent denies that at any time prior to the inception of these proceedings he ever made to the public, or to anyone, any explanation for the appointment of the said Gilbert as receiver or the said Dinkelspiel & Dinkelspiel as his attorneys, and denies that any alleged explanation or excuse of respondent has been given wide or any publicity in the said district, and further denies that any such alleged excuse or explanation was to or did create the impression and/or public belief that respondent was attempting to hide his actuating motive or real motive for making such appointments, or any appointment, by an insincere and/or hypocritical claim of having been so actuated, to the disgust and/or humiliation of the people of the northern district of California and/or to the hurt of the public interest.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation contained and set forth in said article 5, as so amended, relating or referring to the said *Fageol Motor Co. case*, so called.

Answering the allegations of article 5, as amended, insofar as the same relate and refer to the *Prudential Holding Co. case*, so called, respondent hereby refers to and incorporates herein his answer, now on file herein, to article 4 of the Articles of Impeachment, and further says:

Respondent denies that G. H. Gilbert was appointed receiver in said matter without any hearing being had upon said petition and denies that the first information said Prudential Holding Co. had of the appointment of said receiver was when said receiver and his counsel appeared in its office to take charge of its affairs. In this behalf, respondent alleges when the petition in said matter was presented to respondent with a request for the appointment of a receiver, there appeared at said time with the attorneys for the petitioner, one J. H. Stephens, a director and vice president of said Prudential Holding Co., who then and there consented to and joined in the request for the appointment of a receiver of the affairs of said Prudential Holding Co.

Respondent admits that said petition was verified by one of the attorneys for said petitioner and alleges that said verification re-



cited that such attorney had been authorized by the plaintiff to verify and file the same.

Respondent denies that the said petition was filed without truth or justification and with reference to the remaining allegations of said article 5, as so amended, relating to said Prudential Holding Co., respondent respectfully refers to the matters and things contained in his answer on file herein to article 4 of the articles of impeachment.

Respondent further denies that the proceedings or any proceeding, fact, transaction, or statement made in or about or relating to the said Prudential Holding Co., became a matter of general knowledge within and/or beyond the northern district of California, or elsewhere, with its, or any reasonable, and/or probable and/or inevitable consequence to arouse, or that there was aroused dread and apprehension or dread or apprehension of said court, and/or the judicial power possessed by respondent, on the part of the people generally, and/or particularly of those whose property might be seized upon through the instrumentality of said court so presided over by respondent, and/or generally to make said court disrespected and/or hateful.

And, except as hereinbefore specifically admitted in his answer heretofore filed herein, and in this answer to said article 5, as so amended, respondent denies each and every allegation contained and set forth in said article 5, as so amended, relating or referring to the said *Prudential Holding Co. case*, so called.

Respondent admits that on or about the 19th day of September 1929, upon petition in due form, he appointed G. H. Gilbert receiver of the property of the Sonora Phonograph Co. That the order so appointing the said Gilbert also appointed as coreceiver the Irving Trust Co. of New York. Said receivership was an ancillary one, the main receivership being in the State of New York, and at which place the said Irving Trust Co. was the domiciliary receiver.

Respondent denies that at the time he so appointed the said G. H. Gilbert receiver he then was or ever since has been or is now either a personal or political friend of respondent. And in this behalf alleges the said Gilbert was and still is an acquaintance for whom respondent has at all times entertained a friendly feeling and one in whom respondent has placed confidence and trust.

Respondent admits that he knew the said G. H. Gilbert was a friend of said W. S. Leake, but respondent never knew the extent of the friendship existing between them. Respondent never knew until after the inception of these proceedings that the said G. H. Gilbert, or his wife, were patients of the said W. S. Leake or had contributed any sum or amount to him as compensation or otherwise for the services rendered by the said Leake to the said Gilbert and his said wife and respondent denies, upon and according to his information and belief, that the said G. H. Gilbert ever made any contribution to the said W. S. Leake except as and in payment for the said services so rendered by the said Leake to the said Gilbert and his said wife.

Respondent alleges that his appointment of said G. H. Gilbert as such receiver was not caused or brought about in any manner or form, directly or indirectly, by the said W. S. Leake and his appointment was not, to any extent whatever, influenced by the fact that said Gilbert was an acquaintance or friend of the said W. S. Leake.

Respondent denies that the said G. H. Gilbert was without qualification to discharge the duties of such receivership, and respondent further denies that the whole training and experience of said G. H. Gilbert had been as operator and employee of a telegraph company.

Respondent denies that said G. H. Gilbert was appointed such receiver without regard to the interest of the estate in receivership and/or in disregard thereof, and/or of the interest of the creditors or creditor or any party in interest and/or in violation of the official duty of respondent.

Respondent admits that for his services as such receiver the said G. H. Gilbert received in round numbers the sum of \$6,800, and in this behalf respondent alleges that the amount of his compensation as such was fixed and determined by the provisions of section 48, subdivisions D and E, of the Bankruptcy Act of 1898, as amended, and not otherwise.

Respondent denies that all or any of the facts relating to said Sonora Phonograph Co., referred to in said article 5, as amended, became the subject of newspaper comment and/or matter of common knowledge throughout and beyond or throughout or beyond the northern judicial district of California, to the hurt of public confidence in respondent as judge of said court and/or to the hurt and/or standing of the Federal judiciary.

Respondent denies that it also became a matter of newspaper comment that about 1925 or 1926, when respondent was one of the judges of the Superior Court of the State of California, in and for the city of San Francisco, that the said G. H. Gilbert had been appointed an appraiser of certain real estate, respondent well knowing at the time of such appointment that the said G. H. Gilbert was without qualification to act as such.

Respondent denies that if he ever appointed said G. H. Gilbert as such appraiser he knew at said time that said G. H. Gilbert did not possess the requisite qualifications to appraise the value of such real estate, the respondent denies that he ever knew that said Gilbert never saw the real estate he was appointed to appraise, or that he did not undertake to assist in the appraisal of said real estate but only signed the report which was presented to him. Respondent denies that he ever presented any such report to the said G. H. Gilbert for signature, and for the reasons here-

inafter stated respondent is unable to either affirm or deny that for such alleged services the said Gilbert received the sum of \$500.

Respondent alleges that he cannot ascertain from said article 5, as so amended, and it does not appear therefrom, in what matter or proceeding it is claimed about 1925 or 1926 respondent appointed said Gilbert such appraiser. Respondent alleges he has no recollection whatsoever of the matters and things in said article 5, as amended, there referred to, and without such additional information respondent is unable to further or in more detail answer the allegations thereof relating to said matter.

Respondent denies that the fees allowed to Dinkelspiel & Dinkelspiel, the attorneys for said receiver in said matter, were excessive or that said fees, except as hereinafter explained, were allowed over the protest of any party in interest on the ground that the same were excessive. In this behalf respondent alleges, upon and according to his information and belief, the moneys collected or coming into the hands of the said receiver, within the State of California, amounted to the sum of \$350,000, or thereabouts, and that upon application made by the said receiver and his said attorneys for compensation for said attorneys, respondent was informed that the Irving Trust Co. of New York and the committee of creditors at said place had consented to an allowance in full of the services of said attorneys of the sum of \$15,000. Respondent upon the submission of said matter made an order allowing as compensation for said attorneys the said sum of \$15,000, and thereafter upon subsequent application being made for an additional allowance in the sum of \$7,500, which application came on to be heard in open court and which said application was opposed by said parties so theretofore stipulating to the allowance of said sum of \$15,000, respondent as such judge, after a full hearing on such application, made an order allowing an additional sum of \$5,000, from which no appeal was ever taken.

Respondent denies there ever was any loss of public confidence by the bar and/or by the people of the northern district of California, or particularly of the city of San Francisco, caused by or due to any act of respondent as such judge, with relation to any matter or thing arising from or growing out of, or connected with, the receivership of the said Sonora Phonograph Co.

And, except as hereinbefore specifically admitted, respondent denies each and every, all and singular, the allegations contained in said article 5 as so amended, relating or referring to the said *Sonora Phonograph Co. case*, so called.

Respondent admits that said G. H. Gilbert was appointed receiver in the *Stempl-Cooley case*, so called, referred to in said article 5, as amended.

Respondent alleges that the property involved in said receivership consisted of 5 apartment houses in the city of San Francisco and 1 building in the course of erection. Respondent alleges that the records of the court in which said action was pending show that Keyes & Erskine were the attorneys appointed for said receiver. Respondent further admits that the said receiver was allowed for his services in said matter the sum of \$500 and alleges that said sum was and is a fair and reasonable sum for the services so rendered by the receiver in said matter and that no appeal was taken from the allowance of said sum.

Respondent admits that on the 5th day of September 1930, he appointed one George N. Edwards as receiver in the *Golden State Asparagus Co. case*, so called, in said fifth article, as amended, referred to.

Respondent further admits that the said George N. Edwards was named and appointed said receiver at the request of and with the consent of all attorneys interested in said case.

Respondent further admits that he suggested to the said George N. Edwards the appointment of said Dinkelspiel & Dinkelspiel as his attorneys in said receivership matter, which suggestion was acceptable to and accepted by the said George N. Edwards, respondent at said time, stating to the said receiver if such attorneys were not satisfactory to him he would suggest others.

Respondent admits that he allowed to said attorneys Dinkelspiel & Dinkelspiel the sum of \$14,000 on account of services rendered by them as attorneys for said receiver, and in this behalf respondent alleges that such sum was a reasonable and proper amount to be allowed at said time, on account of services theretofore rendered by them.

Respondent denies that any act or acts of his referred to in said article 5, as amended, relating to or growing out of said *Golden State Asparagus case*, so called, were well known to the public in and/or beyond said northern district of California and/or cumulatively added to the disrespect, apprehension, and/or public contempt.

And, except as hereinbefore specifically admitted herein, respondent denies each and every allegation contained in said article 5, as so amended, relating or referring to the said *Golden State Asparagus Co. case*, so called.

Wherefore respondent having fully answered said article 5, as amended, declares that he is not guilty of any of the charges therein contained and denies that he has been or that he is guilty of high crimes and misdemeanors in office, or has been guilty of any high crime or any misdemeanor in office, and likewise denies that he has not conducted himself with good behavior.

HAROLD LOUDERBACK,

Respondent.

WALTER H. LINFORTH,

JAMES M. HANLEY,

Attorneys for Respondent.

APRIL 18, 1933.



IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA V. HAROLD LOUDERBACK—UPON  
ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Filed April 17 (calendar day Apr. 18), 1933.

Answer of respondent, Harold Louderback, to article 5, as amended, of the articles of impeachment exhibited against him by the House of Representatives of the United States.

WALTER H. LINFORTH,  
JAMES M. HANLEY,

*Attorneys for Respondent, San Francisco, Calif.*

The motion to strike out or make more certain portions of article 5, as amended, submitted by counsel for the respondent, is as follows:

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA V. HAROLD LOUDERBACK—MOTION TO STRIKE OUT OR MAKE MORE CERTAIN PORTIONS OF ARTICLE 5, AS AMENDED

The respondent, Harold Louderback, moves the Honorable Senate, sitting as a Court of Impeachment, for an order as follows:

1. Striking from article 5, as amended, the first paragraph thereof, constituting the entire first page; and
2. Striking therefrom the following part and portion thereof contained on pages 3 and 4 and reading as follows:

"It also became a matter of newspaper comment in connection with that receivership matter and others that theretofore, about 1925 or 1926, the said Gilbert had been appointed by the said Harold Louderback when the said Harold Louderback was a judge of the Superior Court of California, an appraiser of certain real estate, the said Harold Louderback well knowing at the time of such appointments that the said Gilbert was without any qualification to appraise the value of such real estate, and in truth the said Gilbert never saw said real estate, and that the said Gilbert did not undertake to assist in the appraisal of said real estate, only signing the report which was presented to him, for which services he was allowed the sum of \$500."

The first part of said motion is based upon the ground and for the reason that it is impossible for respondent to be prepared to meet the said charge therein contained or to summons witnesses in respect thereto without being advised, first, the nature of the act or acts there attempted to be complained of; second, the time or times of said act or acts were committed by respondent; third, in what action or actions, proceeding or proceedings, such alleged acts occurred; fourth, the nature of the relationship and transactions of said Leake there attempted to be referred to and, fifth, with what appointee or appointees of respondent said "relationship and transactions" with the said Leake occurred.

And the second part of said motion is based upon the grounds that the alleged offense there referred to was not committed in the office now occupied by respondent and that this honorable Senate, sitting as a Court of Impeachment, has not jurisdiction to inquire into the transaction attempted to be complained of in said article 5, as amended, in that the act there attempted to be complained of is not and cannot be the subject of this article of impeachment, and is not and cannot be a high crime or misdemeanor as defined by the Constitution of the United States, but if true is an act committed by respondent while an officer of a State and not a Federal court.

And, in the event of the denial of said motion, or either part thereof, then and in such event, respondent moves this honorable Senate, sitting as a Court of Impeachment, to require the House of Representatives of the United States within a time so to be fixed, to further amend said article 5 in the particulars and each thereof specified herein as the reason and grounds for the making of said motion to strike therefrom the portions of said article 5 as amended, above specified.

Dated: April 18, 1933.

WALTER H. LINFORTH,  
JAMES M. HANLEY,  
*Counsel for Said Respondent.*

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA V. HAROLD LOUDERBACK—UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Filed April 17, 1933 (calendar day Apr. 18), 1933.

Motion to strike out or make more certain portions of article 5, as amended.

WALTER H. LINFORTH,  
JAMES M. HANLEY,  
*Attorneys for Respondent, San Francisco, Calif.*

The PRESIDENT pro tempore. Is there objection to counsel being heard on the motion at this time? Have the managers on the part of the House anything to say with regard to that matter?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House have no objection to the present consideration of the motion. I believe counsel on the part of the respondent will indicate to the President and the

Senate that agreement, in effect, has been reached between counsel for the respondent and the managers with reference to the matter.

Mr. ASHURST. Mr. President, unfortunately, I did not hear a single word said by the honorable attorney for the respondent. It would be a useless proceeding if in the conduct of the case none of the Senators hear anything counsel says. Counsel and the respondent are entitled to be heard. For the third time, I beg and plead with counsel to speak so that those immediately near him may hear. Not having heard a single word that the honorable attorney said, I cannot reply.

I have no suggestion to make other than that, in the interest of time, without attempting to prejudice either side, and without intending any discourtesy to either side, may not the pleadings be filed and considered as read? Unless the honorable attorneys for the respondent demand that their pleadings be read, I think time would be saved if they might be printed, as they will be tomorrow morning.

The PRESIDENT pro tempore. The Chair will state to the Senator from Arizona, for his information and for the information of the Senate, that counsel for the respondent have presented an answer and a motion; they have also asked that the answer and the motion be filed and that they may be permitted to make a statement with regard to it. The managers in behalf of the House have consented to that procedure and have intimated that counsel for the respondent will make some suggestions with regard to the motion and answer. The Chair recognizes the counsel on the part of the respondent.

Mr. ASHURST. If the honorable counsel will pardon me for a moment, witnesses and counsel in the various proceedings usually stand where the honorable Sergeant at Arms now sits. May I ask, in order that we may have audition and hear what honorable counsel have to say, that the honorable counsel stand in a position facing the Senate near where the Sergeant at Arms now sits?

Mr. HANLEY. Mr. President, and Members of the Senate sitting as a Court of Impeachment, the managers on the part of the House have filed their amendment to article 5. There are recited in the first paragraph of the article as amended certain matters which we have filed a motion to strike out or make more certain. We are now informed by the managers that they will agree that the reference in paragraph 1 of the amended article 5 shall only refer to matters set out in articles 1, 2, 3, and 4 and the rest of the amended article 5, and that no testimony other than refers to those matters will be offered or attempted to be introduced.

So far as our motion to strike out and make certain in reference to that particular matter is concerned, we are content, because we now know where we stand with reference to meeting proof.

With reference to paragraph 1, on page 1852—I am referring to the RECORD, so that it may be followed—there is a statement with reference to the conduct of the respondent while he was a State judge. We hold that that is not a matter over which the Senate has jurisdiction. We say to the Senate and to the President that it is not an impeachable matter, and therefore it has no place in any article or amended article of impeachment.

It is further uncertain in that the alleged appraisement set forth refers to some case happening in a certain year, but no case is named and no time is given. Therefore we are in no position, except by guesswork, to answer that particular article.

With reference to this matter the chairman of the managers has stated to us that he wants about 10 days or a little longer to find out what the case is, and then we will reserve the right to object to it upon the ground that it is incompetent and irrelevant when we meet the proof that will go to that article; and we think we have fully answered with reference to the new specifications in article 5, as amended, which were handed to us only yesterday. We sat last night until 12 o'clock and worked out the answer, and that is why we asked for a recess until 2 o'clock, so that the



case might be advanced and there might be no delay. We are anxious to go to trial at the earliest date, and the date which has been fixed is May 15.

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House would like to make a very brief statement with regard to the observations just made by counsel for the respondent.

The PRESIDENT pro tempore. The manager will make his statement.

Mr. Manager SUMNERS. Mr. President, the statement made by counsel for the respondent with regard to the position taken by the managers with reference to the allegation in the articles of impeachment is accepted by the managers as a correct statement within the understanding between counsel for the respondent and the managers.

I wish only to make one observation with regard to the other statement. I do not want to take up the time of the Senate except to say that the managers on the part of the House are not attempting to impeach Judge Louderback by reason of something which he did as a State judge. Without going into details, it is the belief of the managers that testimony with regard to the transaction referred to is admissible under at least two well-recognized rules governing the admissibility of testimony. I do not want to go any farther than that. I thank you, Mr. President and gentlemen of the Senate.

Mr. LINFORTH. Mr. President and Members of the Senate, I wish to supplement in one particular a matter mentioned by my associate in regard to the proceedings referred to in the amended article of impeachment as having taken place in the State court. It was agreed and understood between counsel representing the respondent and the learned managers that unless by the 5th of May next we were furnished the title of the proceedings and the time at which the matter there referred to took place, that part of the amendment would be withdrawn and no proof offered in support thereof, to which we also made the promise that if we, in the meantime, ascertained what that proceeding is we ourselves will at once notify the managers. With that statement, I think we are agreed on the question of this pleading.

The PRESIDENT pro tempore. Is there any further matter to come before the Senate sitting as a Court of Impeachment at this time?

Mr. ASHURST. Mr. President, if neither the honorable managers on the part of the House nor the honorable attorneys for the respondent have any further motion or suggestion to make, I am going to move that the Senate, sitting as a Court of Impeachment, take a recess until May 15.

Mr. LINFORTH. May I suggest that it might be well to have a meeting on May 1 in order that the replication may be filed?

Mr. ASHURST. Does the honorable attorney for the respondent wish the Senate, sitting as a Court of Impeachment, to convene again in order that he may file the replication?

Mr. LINFORTH. It being stated to me by the chairman of the managers on the part of the House that the replication will be in the usual and ordinary form, with that understanding I am content that the Senate, sitting as a Court of Impeachment, take a recess until May 15.

Mr. ASHURST. Then, Mr. President, predicated upon the agreement or understanding as stated here, I now move that the Senate, sitting as a Court of Impeachment, adjourn until Monday, May 15, this year, at the hour of 12:30 p.m., at which time the trial will begin.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and thereupon (at 2 o'clock and 15 minutes p.m.) the Senate, sitting as a Court of Impeachment, adjourned until Monday, May 15, 1933, at 12:30 o'clock p.m.

#### RELIEF OF AGRICULTURE

The Senate returned to legislative session and resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. WALSH. Mr. President, is the pending question on the amendment offered by the junior Senator from New Jersey [Mr. BARBOUR]?

The PRESIDING OFFICER. That is the pending amendment.

Mr. WALSH. In connection with the amendment, and in support of it, I should like to read a letter from the Democratic editor of the leading Democratic paper of New England. It is dated April 12, and reads:

MY DEAR SENATOR: As you know, the farm-relief food taxes will cost the wage earners millions of dollars at a time when wages have been severely reduced. But the Bankhead amendment, which taxes all food stocks on the floors of retail and wholesale grocers, will add to the plight of consumers. It means that those who buy for cash and cannot afford to stock up will be badly punished. Those who have money and credit can purchase their supplies before the bill goes into operation. I think you will agree that this is rough business.

I can think of no other case where such taxes were imposed on goods actually in the hands of retailers. Therefore I am sure there is wide-spread protest against this unfairness.

The farm-relief bill is bad enough without imposing the drastically unfair additional tax.

Can you not do something for the great mass of consumers by eliminating this amendment?

Mr. President, that letter very directly and very concisely states the case in favor of the amendment proposed by the Senator from New Jersey. It is unnecessary to engage in any extended argument. I sincerely hope that the amendment will be adopted, and that this provision of the bill, which is a punishment upon the poor consumer, namely, those consumers who are not able in advance to stock up with sufficient food supplies to escape this tax, will be eliminated.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Loung	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkeley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. LEWIS. Mr. President, I desire to announce that the Senator from New Mexico [Mr. BRATTON] is necessarily detained from the Senate.

Mr. OVERTON. I desire to announce that my colleague [Mr. LONG] is necessarily detained from the Senate.

The PRESIDENT pro tempore. Ninety Senators have answered to their names. A quorum is present.

Mr. PATTERSON. Mr. President, I desire to register my protest against the pending bill. It is the most extraordinary and revolutionary measure ever presented to an American Congress. With its declaration of policy I am in agreement. It is a laudable purpose to attempt to establish and maintain a balance between production and consumption of agricultural commodities such as will bring about fair prices paid to farmers at a level that will give agricultural commodities a comparable purchasing power with respect to articles that farmers buy. I am sure that every Senator is interested in improving agricultural conditions. I would support any measure within the limits of the Constitution which I believed would improve the agricultural industry, and not work an injustice on the great mass of our people. This bill taken as a whole would do the country more harm than good and visit upon the mass of consumers additional



hardships and burdens. With the exception of that part relating to agricultural credits, I am opposed to the provisions of this bill.

The bill is reported to the Senate by the Committee on Agriculture and Forestry without any recommendation. It is stated in the report of the committee that considerable hearings were had by the Senate Committee, but on account of the desire of the administration that no change be made in the bill as it came from the House, the bill is presented to the Senate in practically an unchanged form, except there are added part 3 relating to the cost of production and title 2 relating to agricultural credits. Clearly that part of the measure relating to the allotment plan is not the product of the best thought and judgment of the committee. It is presented not as a measure that appeals to the reason of the majority of the committee but upon the ground that the administration demands it. No one in either the House or the Senate has been able to state with any degree of accuracy the effect of this legislation. No one sponsoring the bill has attempted to approximate the cost of administration, nor estimate the extent of the financial burden that would be placed upon the back of the consumer. It is presented solely as an experiment. The President in his recent message to Congress on this subject stated: "I tell you frankly that it is a new and untrod path."

Mr. President, according to press reports the chairman of the Agricultural Committee of the House of Representatives refused to introduce the administration's measure in the House, and the chairman of the Agricultural Committee of the Senate, the able Senator from South Carolina, who has devoted a lifetime to the study of agricultural problems, has not yet subscribed to its provisions.

The allotment plan, if put into operation by the Secretary of Agriculture, would create a gigantic sales tax on the necessities of life which it is estimated by people in the trades would cost the consumer in the neighborhood of \$1,000,000,000 based on present consumption. This increase in food costs would necessarily bring about a decrease in consumption in the industrial centers, thereby intensifying rather than ameliorating the present conditions. While it is urged by the proponents of the bill that a large part, if not all, of the increased cost of foodstuffs would be absorbed by the manufacturer, the fact remains that increased costs of the necessities of life are invariably passed on to the ultimate consumer. The increase in the cost of food and clothing at a time when need is so great and means of obtaining them so difficult violates every rule of sound economics and social policy. The growing demand for direct subsidies just now represents one of our gravest dangers.

Mr. President, this plan develops no new markets, creates no new national wealth, and would not increase the general purchasing power of the country. It simply takes from one class to give to another. I do not believe that our real dirt farmers as a whole want this bill passed in its present form. Representing as I do one of the great agricultural as well as industrial States, I have received a large number of communications from farmers in regard to the various proposed measures for farm relief. The overwhelming majority of those who have written state that the only relief they believe can be had in a legislative way is a lowering of their tax burdens—which, of course, as a general proposition addresses itself to the State government and the local subdivisions thereof—and easier credit facilities which would permit long-time mortgages at a lower rate of interest. To a proper proposal providing such credit facilities I would lend my support, provided it is not attached to other legislation of an experimental nature which might wreck and ruin the agricultural industry. The real dirt farmers of this country recognize the fact that economic problems of production and income cannot be solved by legislative action but depend upon the operation of natural economic laws.

There is no city in the entire country more interested in the welfare and the prosperity of those engaged in agriculture than Kansas City, Mo. Situated as it is, in the center of a great agricultural section, its welfare depends largely upon the prosperity of those who till the soil. Re-

cently the agricultural committee of the chamber of commerce, in order to ascertain what the farmers themselves really desired in the form of relief, sent out a questionnaire addressed to farmers in Missouri, Kansas, Nebraska, Oklahoma, Texas, and Colorado. This gave them an opportunity to speak directly for themselves, instead of through spokesmen, upon the question of whether they desired the allotment plan. Every possible effort was made to obtain a fair expression, free from any organized or unorganized influence. Letters were mailed to editors of rural newspapers, bankers in agricultural communities, and county assessors, asking them to furnish a list of 25 names of farmers to whom the questions might be submitted. In all, the letters went to 484 counties in the 6 States. It was suggested that the names furnished be of those actually engaged in farming, either as renters or owner-operators, without consideration of political faith, financial standing, or former expressions on these subjects. The idea was to procure a list of representative men to whom their neighbors would go for consultation or advice on farm problems. That the list is truly representative is indicated by the receipt of more than 600 letters supplementing the ballots, in which reasons for their attitude on the questions were given. The letters came from farmers who think clearly. The dominating note was one of discouragement with present conditions but not one of despair. A surprisingly large percentage expressed the opinion that they would be able to work out of their present difficulties without governmental assistance, except in refinancing farm mortgages. There is almost universal demand for lower taxes, lower salaries of public employees, and lower cost of things which farmers must buy. The poll is not yet fully completed. A sufficient number of ballots have been received, however, to indicate definitely the train of actual farm thought. Approximately 6,000 replies have already been received, and the decision was about 2 to 1 against the domestic-allotment plan.

Mr. President, at this point I ask unanimous consent to have inserted in the RECORD as a part of my remarks the memorandum prepared on this subject by the agricultural committee of the Kansas City Chamber of Commerce.

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Without objection, it is so ordered.

The statement is as follows:

For several years those who designate themselves as spokesmen for farmers or for farm organizations have been very active in efforts to obtain farm legislation. The agricultural committee of the Kansas City Chamber of Commerce recently decided to permit the farmers in Missouri, Kansas, Nebraska, Oklahoma, Texas, and Colorado to speak directly for themselves instead of through spokesmen on these four questions:

Do you believe the Agricultural Marketing Act and the activities of the Federal Farm Board should be continued?

Do you favor a domestic-allotment plan?

Do you favor the Federal Government attempting to control prices or production through stabilization, allotments, or other schemes to direct price movement against natural influences?

Do you favor the Federal Government coming to the aid of farmers in refinancing mortgages and other indebtedness at lower interest rates with extended maturities?

Every possible effort was made to obtain a fair expression, free from any organized or unorganized influence. Letters were mailed to editors of rural newspapers, bankers in agricultural communities, and county assessors asking them to furnish a list of 25 names of farmers to whom the questions might be submitted. In all, letters went to 484 counties in the 6 states. It was suggested that the names furnished be of those actually engaged in farming either as renters or owner-operators without consideration of their political faith, financial standing, or former expression on these subjects. The idea was to procure a list of representative men to whom their neighbors would go for consultation or advice on farm problems. That the list is truly representative is indicated by the receipt of more than 600 letters supplementing the ballots, in which reasons for their attitude toward the questions were given. The letters came from farmers who think clearly. The dominating note was one of discouragement with present conditions but not one of despair. A surprisingly large percentage expressed the opinion that they would be able to work out of the present difficulties without governmental assistance except in refinancing farm mortgages. There is almost universal demand for lower taxes, lower salaries of public employees, and lower costs of the things which farmers must buy.

The poll is not fully complete. A few cards are coming in on every mail. A sufficient number of ballots have been received, however, to definitely indicate the train of actual farm thought. It is thought best to give out this report at this time before any



agricultural legislation is passed, so that Members of Congress, and others who have the best interest of the farmers at heart, may know how the farmers themselves feel about these questions.

On the first question the decision was practically unanimous. In each of the six States and in every county in these States the farmers are against the continuance of the Agricultural Marketing Act and the activities of the Federal Farm Board. The vote was 1,174 yes, 4,397 no.

There were several suggestions on this question indicating that the Marketing Act might be continued with modifying amendments, and that a differently constituted farm board would be acceptable.

On the second question the decision was approximately 2 to 1 against the domestic-allotment plan. This measure was favored more in Colorado and Texas, where the votes were almost equally divided. The results by States were: Missouri, 25 percent "yes", 75 percent "no"; Kansas, 37 percent "yes", 63 percent "no"; Nebraska, 23 percent "yes", 77 percent "no"; Oklahoma, 49 percent "yes", 51 percent "no"; Texas, 56 percent "yes", 44 percent "no"; Colorado, 49 percent "yes", 51 percent "no".

The 21 counties in Kansas which voted in favor of the allotment were in the Wheat Belt, yet the surprising fact is that even the majority of the wheat-producing counties were against the allotment although supposedly well-informed men frequently have stated that as high as 90 percent of the wheat farmers favored this measure.

On the third question, which really determined whether farmers were in favor of any efforts on the part of the Government to stimulate prices by stabilization, allotment, or other measures, the vote was quite similar to that on the allotment plan itself.

Every State except Texas voted "no" on this question. In Kansas there were 21 counties which favored governmental action of some sort, compared with 14 counties in Missouri, 2 counties in Nebraska, 28 counties in Texas, 28 counties in Oklahoma, and 14 counties in Colorado.

The outstanding conclusion from the answer to this question is that the large majority of farmers, 65 percent, are definitely opposed to governmental action of any sort that will interfere with the natural influences which determine values.

Many of the supplementary letters suggested that governmental activities which sustain prices in other industries, public-service corporations, and transportation should be discontinued to permit a return corresponding to that received by farmers for their efforts. Restoration of the purchasing power of the farm dollar is demanded without qualification. On question 4, which pertains to farm mortgages, the vote was most decisive. Every State and every county gave a majority favoring a lower rate of interest and a longer period of time for the payment of farm mortgages. The vote on this question was 5,019 "yes", and 681 "no".

Many letters accompanying the ballots indicated that there was also a necessity of reducing the face value of the loans as well as the rate of interest and extension of dates of payment. A few indicated that it might be better to permit liquidation to go through, even though many individuals would suffer, so that farming in the future would not be handicapped by the necessity of earning returns on an excessive valuation.

In reviewing the letters and comments it was found that practically every measure ever proposed for the relief of agriculture was suggested. There are still some who believe in the equalization fee or the export debenture; others, in fixing prices above production costs or controlling acreage or production by governmental edict. The suggestion that each farmer be permitted to market a definite and predetermined amount of commodities without any restriction and that a heavy tax be assumed against production in excess of that amount was occasionally expressed.

There is much criticism of the Government financing inefficient producers through crop and seed loans, encouraging greater production through agricultural research and extension agencies, protecting banks, railroads, and insurance companies through loans from the Reconstruction Finance Corporation, and deflating values of agricultural products through the Federal Reserve banks. Packers, millers, grain and livestock exchanges were criticized in a few letters. In several instances farmers were outspoken in their declarations that farm leaders in Washington do not represent the sentiment of those actually engaged in farming as a means of livelihood. In no case, however, was there any semblance of a majority who hold such views.

The letters clearly indicate that those who live on and operate the land and who depend upon production of farm commodities through their own efforts are thinking clearly and weighing their decisions carefully. They are particularly anxious that measures which might give temporary relief, yet be detrimental in the end, should not be enacted.

No one could go over these ballots and the letters accompanying them without reassurance that farm problems presented to actual farmers would be decided wisely and without detriment to those engaged in other lines of industry or business.

W. A. COCHEL,  
(Editor Weekly Kansas City Star),  
Chairman Agricultural Committee,  
Kansas City Chamber of Commerce.

Mr. PATTERSON. Mr. President, the proposal in this measure goes far beyond any power previously believed to be possessed by our Government. We are asked to make the Secretary of Agriculture a dictator for the agricultural interests of this country, with power not only over the Ameri-

can farmer but over all those who process farm products. Under the provisions of this bill the Secretary of Agriculture is given authority to issue licenses to processors of farm products. He is empowered to suspend or revoke such licenses and to exclude any processor not licensed, under a penalty of a fine of \$1,000 a day. Think of it! The head of a department of the Government is given the power to prevent a citizen from engaging in a lawful enterprise, and from his decision there is no appeal. The Secretary of Agriculture is authorized to fix prices for farm products equivalent to prices during the pre-war period from August 1909 to July 1914. Congress attempts to delegate to him the power to levy, assess, and collect a tax to be paid by the processor, to change this tax at will, and to abate or refund taxes. The Secretary is even empowered to levy, assess, and collect tariff duties upon imports into the United States, upon commodities which within the United States are subject to the processing tax. The duties so assessed are in addition to any other duties imposed by law.

Never in the history of this country were such broad powers delegated to one individual. If this bill becomes a law, the Secretary of Agriculture will become the legislative, the executive, and the judicial officer of the Government so far as agriculture is concerned. Is any dictator in all the world clothed with greater authority than that sought to be conferred upon the Secretary of Agriculture?

The farmer has always been the most independent individual in our citizenship. I do not believe that he wants a dictator in his business now, and even if he does, in this day of hysteria, I am sure that as soon as he feels the fetters of restraint he will rebel.

I am opposed to the allotment plan proposed in this bill because I believe that it is impracticable and unworkable. I believe it will do the farmer more harm than good and visit a grievous burden upon the consumer. I am opposed to it because I believe it constitutes a delegation of power on the part of Congress to the Secretary of Agriculture for which there is no warrant in the Constitution.

The real need of the farmer today is a reduction in his taxes, which largely addresses itself to State and local subdivisions, and a refinancing of his mortgage indebtedness over a long period of time at lower interest rates. I favor that part of the bill relating to agricultural credits, the purpose of which is to take care of the farmer's indebtedness, and if it were presented in separate form I would cast my vote for it. Attached to it, however, is a measure carrying so many objectionable features that I feel there is more bad than good in the bill, taken as a whole, and, therefore, I am compelled to vote against the bill in its entirety.

Mr. FRAZIER. Mr. President, I send to the desk an amendment, which I desire to offer to the pending bill.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. Is not the amendment offered by the Senator from New Jersey [Mr. BARBOUR] the pending question?

The PRESIDING OFFICER. The Senator from Oregon is correct.

Mr. McNARY. Some days ago the able Senator from New Jersey accepted an invitation to address the D.A.R. Convention today at 2 o'clock. He is now necessarily absent and will not return until about 3 o'clock. Therefore, I ask unanimous consent temporarily to lay aside his amendment and take it up later on his return to the Chamber.

Mr. ROBINSON of Arkansas. Mr. President, I do not see the Senator from South Carolina [Mr. SMITH] in the Chamber at the moment, but I have no objection to the request of the Senator from Oregon.

The PRESIDING OFFICER. Without objection, that will be the order.

Mr. FRAZIER. Mr. President, I renew the offer of my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from North Dakota proposes the following amendment:

On page 13, between lines 8 and 9, add the following new subsection:



"(e) When any processing tax, or increase or decrease therein, takes effect in respect of a commodity, the Secretary of Agriculture, in order to prevent pyramiding of the processing tax and profiteering in the sale of products derived from the commodity, shall make public such information as he deems necessary regarding (1) the relationship between the processing tax and the price paid to producers of the commodity; (2) the effect of the processing tax upon prices to consumers of products of the commodity; (3) the relationship, in previous periods, between prices paid to producers of the commodity and prices to consumers of the products thereof; and (4) the situation in foreign countries relating to prices paid to producers of the commodity and prices to consumers of the products thereof."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota.

Mr. FRAZIER. Mr. President, this is practically the same provision that was in the allotment bill that was passed by the House at the last session and that was also considered by the Senate Committee on Agriculture and Forestry. It provides that the Secretary of Agriculture shall give publicity to the amount of increase on the finished products that the processing tax would or might necessarily require.

A good deal of opposition has been made to this bill on the ground that the consumer would have to pay a larger amount for the finished product because of this tax. This amendment is supposed to take care of that situation, to protect the consumer.

Under the provisions of the bill, there is practically nothing to protect the consumer from paying a much larger price for the products because of the processing taxes that are provided here on the staple farm products that are included in the bill.

Very little increase in these prices to the consumer would be necessary, in my opinion. In the case of the processing tax on wheat, the representative of the Millers' Association who came before our Committee on Agriculture and Forestry stated that the increase of the tax on a barrel of flour would be approximately equivalent to 1 cent for a pound loaf of bread, and in his figures he apparently went the limit. I think it would be less than that, if figured accurately, but that was his estimate—that it should not exceed 1 cent per pound loaf of bread.

In the case of cotton cloth—the Senator from Arkansas [Mr. ROBINSON] gave figures the other day—it would make only 1 or 2 cents' difference in the price of a cotton shirt that ordinarily sells for about a dollar, and that the increase in other cotton goods would be along the same line.

There is always a danger of pyramiding, however. I remember very well that when the tariff bill was before the Senate some shoe men came to my office. One represented a comparatively low-priced shoe, and the other a high-priced shoe. One manufacturer was from the East, and the other from the Middle West. They came to my office, protesting against the proposed tax on hides. They said that an ordinary little tax of 1 or 2 cents a pound that was talked of would not be reflected to the farmer at all, but that the packers would get the benefit of it. I told those shoe men that the stockmen, the farmers who raised cattle, wanted a tax of 5 cents a pound on hides. They said that, of course, if they had a tax of 5 cents a pound on hides, it would be necessary to have a compensatory duty on leather and on shoes. I told them that would be all right; and I said to those shoe men, "How much would it increase the cost of a pair of shoes if we had a 5-cent tax on hides?" Each of them took a pencil and started to figure; and the man who represented the shoe factory in the Middle West, that sells a popular shoe at a high price, said, "It would increase the price of shoes a dollar and a half a pair to the purchaser." I laughed at him. I said, "Not more than a pound of leather goes into a pair of your shoes, and yet you say a 5-cent tax would increase the price of those shoes a dollar and a half." He said, "Yes; it would"; and he went on to explain how it would be pyramided from one to the other of the processors who handled that leather, until the manufacturer and the jobber and the retailer would all get a profit because of that 5-cent tax on the leather.

So, Mr. President, I want this amendment in this bill which will prevent the pyramiding of prices of these farm products because of the processing tax.

If the Secretary gives the information as to how much the tax would increase the price of the finished commodity to the consumer, then I do not believe there would be any danger of pyramiding, because the so-called "profiteers"—and we have them sometimes in the mercantile business and the wholesale business—would be mighty loath to increase their prices to make an excessive profit—in other words, to pyramid their profits because of the processing tax if the publicity was given.

So I believe this amendment that I have offered would be a protection to the consumers of these products under this processing tax.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. BANKHEAD. Mr. President, I have been out of the Chamber and am not familiar with the amendment. I should like to have an opportunity to look at it.

The PRESIDING OFFICER. Does the Senator desire recognition, or does he want the amendment stated?

Mr. BANKHEAD. Yes; I desire recognition if no other Senator is ready to speak on the amendment.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I do.

Mr. SMITH. As I understand this amendment, it is simply to keep those paying the processing tax from pyramiding the price to the consumer by adding a percent of return on the tax as well as on the goods themselves, and to publish that information; to ascertain the comparative prices that the goods sold for before the tax went on and what they sold for after the tax went on; and then, after the tax goes on, also to ascertain what is the comparative cost to the consumer here as compared to the cost of like articles imported. I think that is about what the proponent of the measure intends to accomplish. Am I right?

Mr. FRAZIER. Mr. President, that is exactly my intention. For instance, in the case of bread, if the tax on the processing of wheat into flour would amount to 1 cent per pound loaf, and the retailer of bread puts the price up 2 cents or 3 cents a loaf, the publicity given will let the consumer know what the price should be, and he is going to be able to protest immediately if he is charged 2 or 3 cents more for a pound loaf of bread than he should be.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

The amendment was agreed to.

Mr. BORAH obtained the floor.

Mr. GLASS. Mr. President—

Mr. BORAH. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I send to the desk an amendment of which I gave notice some days ago.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Virginia proposes the following amendment:

On page 13, after paragraph (4), insert a new paragraph, no. 4½, as follows:

"(4½) In case of peanuts the term "processing" shall mean the cleaning thereof, the preparation of the same for sale in the ordinary course of trade for consumption, the shelling and salting thereof, and other like methods of preparing the same for sale, including the making of peanut butter."

On page 16, line 9, after the word "tobacco", insert the word "peanuts."

Mr. GLASS. Mr. President, I imagine that I was picked on to offer this amendment as being the chief exponent of peanut politics in the Senate. [Laughter.] Nevertheless, I have offered it in response to the request of the representatives of 300,000 farmers who are engaged in the production



of peanuts, with dependents computed to be numerically a million and a half of persons.

I find upon investigation that the peanut crop of the country has repeatedly exceeded in monetary value the rice crop, which is included in this bill, approaching one year not long ago nearly \$100,000,000. The industry is in a frightfully distressed, if not destitute, state. Peanuts have gone down from 8 cents a pound to three fourths of 1 cent a pound. Aside from the 300,000 farmers, with their dependents, who produce peanuts, the various methods of processing peanuts in the production of peanut brittle, peanut butter, peanut oils, and other products of peanuts, employ some thousands of persons; and therefore I think they ought to be included in this bill.

I do not want anything I may say to be taken, in fact or by implication, as an approval of this bill. I want that distinctly understood; but if we are to pass the bill, I want peanuts included in it. I am sorry to see that so many of the Senators who have flocked to me and told me in person that they are in favor of peanuts are now absent; but I think there are enough here to include the amendment in the bill, and I hope we shall have a vote on it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia [Mr. GLASS].

Mr. BANKHEAD. Mr. President, I desire to make a point of order against the amendment.

The PRESIDING OFFICER. The Senator from Alabama will state the point of order.

Mr. BANKHEAD. This amendment involves an amendment of the section which provides what commodities shall be included in the bill. That section has once heretofore been reconsidered and acted upon. I make the point of order that it is not now open for amendment or reconsideration.

The PRESIDING OFFICER. The Chair would like to hear from the Senator from Virginia on the point of order.

Mr. GLASS. The Senator from Virginia knows very little about points of order and parliamentary procedure. I know that I offered this amendment about 6 days ago, and have been waiting around here every day in order to have action on it; but so many Senators have talked about irrelevant subjects that I have not been able to have it acted on.

The PRESIDING OFFICER. The result can be attained by unanimous consent to reconsider the committee amendment.

Mr. GLASS. I ask unanimous consent that it be done.

The PRESIDING OFFICER. The Senator from Virginia asks unanimous consent to reconsider the vote whereby the committee amendment was adopted.

Mr. BANKHEAD. I object, Mr. President.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Alabama objects?

Mr. BANKHEAD. Yes.

Mr. SMITH. Mr. President, I suggest to the Senator from Virginia that he may offer this amendment to some other section of the bill, because I know the zeal with which he desires to have the industry of his State come under the terms of this bill.

Mr. GLASS. Not simply of my State but of 17 other States.

Mr. SMITH. Mr. President, I think the Senator ought to be granted the privilege of putting his amendment in the bill at such a place that a point of order would not lie against it.

Mr. BANKHEAD. Mr. President, I withdraw the point of order.

The PRESIDING OFFICER. The Senator from Alabama withdraws his point of order.

Mr. GLASS. I was just about to say that I have had suggested to me by an experienced parliamentarian that I might pursue the course suggested by the Senator from South Carolina, but that is not necessary, since the Senator from Alabama was kind enough to withdraw his point of order.

The PRESIDING OFFICER. The Senator withdraws the point of order. The question is on the amendment offered by the Senator from Virginia.

Mr. ROBINSON of Arkansas. Mr. President, I cannot understand why Senators who oppose the bill insist on having its benefits applied to products of their own State. It does seem to me that there is a measure of inconsistency in that course. If, as some Senators have said here today, the bill is fundamentally wrong, I cannot comprehend the basis upon which an argument may be rested to include other commodities than those designated as basic commodities in the bill as it has been presented.

Of course, the bill can be modified by adding any number of additional or new commodities, but I suggest to those who are in favor of this legislation, who wish to see it tried out, who recognize it as an experiment, but as a possibly practical one, that they do not include additional commodities to the commodities already mentioned in the bill at the instance of Senators who are opposed to the measure.

Mr. GLASS. Mr. President, I think the Senator from Arkansas ought to acquit me of any selfish motive in the matter. As a matter of fact, the largest staple crop of my State is already included in the bill, the crop of tobacco, and I have not spoken for or against the bill. I have not presented any fundamental objections to it. But the very fact that I have been picked on to offer this particular amendment to the bill suggested to me that I did not want it to be understood that that commits me to the bill. As a matter of fact, the crop of tobacco is the largest staple crop in my State and it is included in the bill.

Mr. FRAZIER. Mr. President, I have really no objection to including peanuts in the bill, but I want to serve notice that if a change of that kind is made and peanuts are included in the bill, I will propose to include flax and also oats. In my opinion there is vastly more reason why those two products should be included in the bill than that peanuts should be. I am not going to make any argument on the matter at this time.

Mr. BORAH. Mr. President, I want to ask those who understand the philosophy of the bill better than I why these commodities should not be included? If the bill is to aid in raising the prices of the commodities, why should it be limited to a very restricted number of commodities? If it is to prove beneficial, why not include peanuts and the other articles of which the Senator speaks? The Senator is for the bill?

Mr. FRAZIER. Yes, Mr. President. I have no objection to including these other articles. I thought they should be included, but it seemed to be the opinion of a majority of the Committee on Agriculture and Forestry that they should not be included.

Mr. BORAH. What I wanted to ascertain was why they should not be included. There may be a good reason for it. Why should they not be included?

Mr. FRAZIER. The Senator will have to get that information from someone else. I cannot answer the question.

Mr. NYE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Dakota?

Mr. BORAH. I yield.

Mr. NYE. As I understand it, when the bill was pending before the committee, peanuts and flax were at one time accepted by the committee and made a part of the bill. I should like to know what occurred that caused those two items to be stricken from the bill as it finally was reported.

Mr. GLASS. Mr. President, the only reason why the item of peanuts was stricken out was because they were peanuts.

Mr. ROBINSON of Arkansas. Is not that a pretty good reason?

Mr. GLASS. I do not think so. It is not any reason at all for a crop which approximates \$100,000,000 a year in monetary value.



Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield for an inquiry?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. I wish to ask the Senator from Virginia what is the amount of the exports of peanuts?

Mr. GLASS. I cannot answer that question.

Mr. BAILEY. Mr. President, I can answer the question, if the Senator from Idaho will yield.

Mr. BORAH. I yield.

Mr. BAILEY. The exports amount to one half of 1 percent of the production, according to the statement of the Department of Agriculture. The amount of production is 1,400,000,000 pounds. The number of acres under cultivation is something below 2,000,000. North Carolina produces 387,000,000 pounds a year, Virginia about 325,000,000, and Georgia about 425,000,000.

While I am on my feet, I should like to say that there are 13 of the Southern States which produce peanuts; and, while peanuts are referred to facetiously, they are an extremely important crop in 30 counties in North Carolina. I just give that information for the benefit of Senators.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield further?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. Did I understand the Senator correctly when I thought I heard him say that the proportion of exports to production was one half of 1 percent?

Mr. BAILEY. That is the figure I gave the Senator.

Mr. ROBINSON of Arkansas. Is the Senator from North Carolina in favor of including peanuts in the bill?

Mr. BAILEY. Mr. President, I have been very frank to express my opinion of this whole bill. My judgment is thoroughly against it; but I am going to say this: That if the bill would work a benefit for any particular product it would work better on peanuts than on anything else.

Mr. ROBINSON of Arkansas. My object in asking the Senator from North Carolina that question was to show that while he is against the bill as a whole he has still enough confidence in it, enough faith in its provisions, to ask that a commodity which is not included at present as one of the basic commodities be embraced within the terms of the bill. In other words, I think that fact is a partial answer at least to the very able argument which the Senator has made against the bill.

Mr. BAILEY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. BAILEY. I think the statement of the Senator may be justified in some respects; but I think that since this whole thing is an experiment very probably it would be wiser to confine the experiment to peanuts alone. That is the only justification on which I would be willing to put peanuts in.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. The statement which the Senator from North Carolina has just made, that he thinks the terms of the bill ought to be applied to peanuts alone, is my justification for voting against the amendment of my friend the Senator from Virginia.

Mr. BORAH. Mr. President, I am holding the floor for the purpose of finding out, if I can, why the commodities sought to be included were cut out of the bill. Was it thought that the bill would not operate successfully on these commodities, whereas it would operate successfully on these other commodities? Why were they eliminated?

Mr. SMITH. I think they were eliminated through request.

Mr. ROBINSON of Arkansas and Mr. GLASS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I think the Senator from Arkansas addressed me first.

Mr. ROBINSON of Arkansas. I defer to the Senator from Virginia.

Mr. GLASS. I think very likely peanuts were eliminated because certain persons thought that no Senator could be found who would be willing to propose peanuts. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, I think it is regrettable that a jest should be made of this matter, and if I have contributed to that, I wish to make a serious statement, and then thank the Senator from Idaho, who has been kind enough to yield to me repeatedly.

Manifestly, every commodity could not be designated as a basic commodity. The bill is intended to apply to basic agricultural commodities, on the theory that if we uplift the prices of them, fair increases in the prices of other commodities will result. For that reason the very able Senator from Oregon [Mr. McNARY] sought at one time during the progress of this measure to limit consideration and the application of the terms of the bill to wheat and cotton. He sought and others sought to make it apply to those only as basic commodities.

In all fairness, without depreciating in any sense the importance of peanuts, I think it is not true that peanuts are a basic commodity, in the sense that the term is ordinarily applied, and while I can readily understand the intensity of the fervor of the Senator from Virginia [Mr. GLASS] in presenting this amendment and in advocating it, we ought not to include in this bill a commodity related with respect to exports as it appears from the hearings and from the statements made here peanuts are related.

I think we ought to treat the subject seriously, and if Senators who are against the bill insist on writing into the list of basic commodities such products as peanuts, they will accomplish their purpose and make the bill ridiculous.

I know there are some Senators who are for the bill who would like to see peanuts embraced as a basic commodity, but I believe that if we include peanuts, we will be justified in extending the list to such a number of commodities that there will be no limit, and the administration of the bill may be made a practical impossibility. The list as included in the bill is already quite large. The definition of basic commodities as embraced in the bill appears to me quite as elaborate as it should be.

It is quite disagreeable to me to oppose any amendment which the able Senator from Virginia offers, or which other Senators interested in the proposition favor including, but I think it is well for the friends of this legislation to remember that it is proposed by those who avow themselves in advance as against the bill and supported by some who apparently wish to make it ridiculous.

Mr. GLASS. Mr. President, if the Senator from Iowa will yield, I want to say just one concluding word.

I would not have the Senator from Arkansas or any other Senator think that I am treating this matter lightly or have any desire in the world to make the bill ridiculous. On the contrary, it is not a ridiculous proposition to 300,000 farmers, with a million and a half persons dependent upon them, whom they have got to feed, whose product has fallen in the course of this depression from 8 cents a pound to three fourths of 1 cent a pound.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. Those 300,000 farmers are now in a state of destitution; and if this bill is going to accomplish anything for the relief of farm products of some degree of importance I think peanuts might be included. I have already pointed out that in monetary value the crop exceeds some of the commodities already included in the bill.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I want to ask the Senator from Virginia the simple question, if he does not believe in the bill, if he does not believe that it will work and



result in an increase in the prices of the basic commodities named in the bill, why does he insist on including peanuts?

Mr. GLASS. I will be frank with the Senator, and will say, with the permission of the Senator from Idaho and the Chair, that I do not know why the producers of peanuts want to have their commodity included in the bill. Perhaps it is because they believe that it may increase the price of peanuts. I do not believe it will increase the price of anything; and I may say that there is no human being who has ever been created by God upon whom I would confer the authority and the power that this bill undertakes to confer upon the Secretary of Agriculture.

Mr. BORAH. Mr. President, I do not know why our risibilities should be so excited over the question of peanuts. The peanut is not the only product which is waiting here for an opportunity to get into the bill. What I want to know is why these commodities were left out? The Senator from South Carolina says they were left out by request. By request of those who produce the products? I do not so understand.

Mr. SMITH. No; they were left out by those who first drafted the proposed legislation.

Mr. GLASS. And they talk about the interests of 300,000 farmers and a million of people dependent upon them as being ridiculous!

Mr. BORAH. Those who raise peanuts in this country are entitled to the same consideration as are those who raise wheat. If the bill will work with reference to wheat, I ask the Senator from South Carolina why it will not work with reference to those who produce peanuts, or oats, or any important commodity?

Mr. SMITH. I see no reason in the world why it should not. Right here, however, let me call attention to the fact that the Senator from North Carolina has stated that less than one half of 1 percent of the domestic production of peanuts is exported. This bill undertakes to benefit only the portion of crops domestically consumed. Therefore the less exports there are of any commodity the greater the benefit to it will be. If there are no exports at all, then the entire crop is benefited by the operations of the bill.

Mr. BORAH. Which constitutes a very strong argument in favor of incorporating peanuts in the bill.

Mr. SMITH. As a matter of course, the point that I am making is that no peanuts are exported.

The Senator from Virginia calls attention to the vast number who are dependent upon the growers of peanuts for a living. The peanut is a purely domestically consumed product; therefore, taking the price for the base period, if that will make it profitable for peanut growers to raise that product, they will get the full benefit of whatever the domestic price may be.

Mr. BORAH. I understand that there are other amendments to be offered to the bill; for instance, one covering sugar beets. What I want to know is whether I should vote to open the gates, if such a procedure is going to destroy this bill. I am seeking information.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Alabama?

Mr. BORAH. I yield.

Mr. BANKHEAD. Mr. President, I, of course, know that the distinguished Senator from Idaho is making these inquiries for the purpose of determining his vote on this particular question. He has asked certain questions, and, as a member of the committee, I should like to undertake to some extent to show why peanuts were eliminated from the bill.

Mr. BORAH. Mr. President, may I yield the floor until the Senator from Alabama shall have made his statement? Then I may undertake to get it again.

Mr. BANKHEAD. Mr. President, in the beginning I desire to say that I am friendly to peanut producers. There is a very large peanut industry in my own State. So I speak as one who really has a large constituency interested as producers of peanuts. I mention that merely to indicate that I am not taking an offhand view of this problem.

I say further that my first impulse was to include peanuts in this bill, but on further consideration of the subject I changed my mind about it, for this reason: In the first place, this bill, as we all know, is one which peculiarly depends upon the character of its administration. We are proposing here to give exceedingly broad and general powers to the Secretary of Agriculture for the administration of the measure. The administration seeks that authority and that responsibility. In the preparation of the bill, in the first instance, the selection of what are known as basic commodities was given, as I understand, very careful consideration. The bill went to the House in its present form, so far as that particular subject is concerned, and as it passed the House it included only the basic commodities now covered by the bill. In its consideration by the Committee on Agriculture and Forestry of the Senate an effort was made to reopen that subject; that effort at one time succeeded, and peanuts and flax were included. It then appeared that there would be numerous other commodities offered to be included in the bill.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. Certainly.

Mr. BORAH. Do I understand that the reason why these commodities were taken out was the fear that there would be a breakdown in the administration of the measure and that it would impose upon those administering it such a vast burden of activity that it would be impossible to execute or operate the bill?

Mr. BANKHEAD. I may say to the Senator, with perfect frankness, that that was the controlling consideration.

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. BANKHEAD. I yield.

Mr. GEORGE. May I ask the Senator if it is not optional with the Secretary of Agriculture whether he shall apply the processing tax or other benefits of the bill to any commodity covered by it?

Mr. BANKHEAD. It is, of course, optional, as the Senator from Georgia knows, as to what particular feature of the bill shall be applied.

Mr. GEORGE. I take it that he would not undertake to apply it to more commodities than he could possibly regulate.

Mr. BANKHEAD. The Senator understands the moral effect as well as the resulting pressure that will come from the representatives of any commodity included in this bill to have that particular commodity also considered in the administration of the measure.

Mr. GLASS. Mr. President, will the Senator permit me to make an inquiry?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Virginia?

Mr. BANKHEAD. Certainly; I am always glad to yield to my distinguished friend from Virginia.

Mr. GLASS. How many acres in Alabama are devoted to the raising of the rice crop?

Mr. BANKHEAD. Does the Senator really want that information?

Mr. GLASS. That is what I asked for.

Mr. BANKHEAD. None that I know of.

Mr. GLASS. Very well. There are 329,000 acres in Alabama devoted to the raising of peanuts.

Mr. BANKHEAD. I said, and I presume the Senator heard me say, that the growing of peanuts was a large industry in my State.

Mr. GLASS. But I am curious to know why the Senator is willing to bring rice within the "charmed circle" and exclude peanuts?

Mr. BANKHEAD. I did not bring rice in; I had nothing to do with bringing rice into the "charmed circle" or any other circle. I left rice where I found it, as I left the other



commodities included in the bill where I found them. It is purely a question, as I submit to the Senate, whether the friends of this bill who want to see it successfully administered are willing, because of local interests or because of their judgment that one commodity here and another commodity there should be added, that the bill should be loaded down—and we know what is going to follow as soon as the question is reopened in the least degree—to the point where at this time no adequate machinery and administrative agencies can be set up to administer an innumerable number of commodities additional to those already in the bill.

I dare say, Mr. President, that plans are in process of formation for the administration of those commodities which the administration up to this time has reason to believe are to be included in the bill; but if now the question is to be reopened and peanuts and flax and oats and barley and apples and numerous other commodities are to be included, then we can easily see the additional burden that will be placed upon the administration at this late time in the year, when the crop-planting season is rapidly expiring, although numerous speeches are still being made here on the philosophy of the bill, and we do not yet know where the end is. I submit that it would impose an undue hardship and burden upon the administration of this bill to open the question up and to enlarge its scope so as to include numerous other commodities.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. I yield.

Mr. BORAH. It occurs to me that it will be impossible to bring back prosperity, which it is hoped this bill will bring, by limiting its operations to 2 or 3 commodities. Take flax and peanuts and sugar and that class of commodities. There is a vast amount of the wealth of the country invested in their production, and it does not seem to me quite conclusive in the way of an argument against their inclusion to say that it will increase the burden of administration. What we are seeking to do, if we can, is to try to enact a bill which will give the producers of commodities a reasonable price for them. What will Senators say to their constituents who are producing these commodities as to why they were not included in the bill? Shall we be content to say that it would impose some additional burden on its administration and expect that that will satisfy our constituents?

Mr. BANKHEAD. Will the Senator let me answer the question?

Mr. BORAH. I raise that question for the reason that only this morning I had a number of telegrams insisting that a certain commodity be included in the bill. I do not know what to say to the senders of those telegrams as to why that commodity should not be excluded, except to state the fact that its inclusion will increase the burden of administration. I could say to them that I do not think the bill will accomplish anything, but they would likely reply, "We are entitled to the same chance as the producers of other commodities".

Mr. BANKHEAD. Mr. President, of course if the bill is to be reopened, and there is to be included in it every commodity which Senators think would be helped by their inclusion, there is no occasion whatever for any definition of basic agricultural commodities. It is well known that this bill is framed upon lines to try out certain heretofore untried methods of bringing to the producer an increased price for his commodity.

Mr. GLASS. Mr. President—

Mr. BANKHEAD. I will yield in a moment. It was originally framed upon the basis of including only commodities with an exportable surplus, and it is still framed to include only those commodities, with one possible exception. But it has been frankly confessed from the beginning that experiments were being tried under the provisions of the bill, that new roads were being traveled, that the hope was entertained that by the exercise of the powers granted in

the bill and without placing upon the administration of it undue and unnecessary burdens and friction, beneficial results would, in the judgment of those who are responsible for the bill, accrue not only to the producers of the basic agricultural commodities included in the bill but to the producers of all other agricultural commodities in the United States, upon the principle, well known to all students of the prices of farm commodities, that when the prices of basic agricultural commodities such as wheat and cotton rise, the prices of peanuts and oats and barley automatically and in sympathy and in competition rise with the prices of the fundamental basic agricultural commodities.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. It may be that the increase in the price of any one basic agricultural product might be sufficient to drag all the rest of the flock along with it; but if that be true, why put in more than one? Why not let it be the bellwether for the entire fold?

I should like to ask the Senator from Alabama also, purely for information, how does the geographical territory which produces peanuts compare with the geographical territory producing rice, for instance? How does the value of the peanut crop compare with the total value of the rice crop? How does the universality of the use of peanuts compare with the use of rice? Why is rice more basic than peanuts?

Mr. GLASS. It is not in Alabama, because there are 329,000 acres in Alabama devoted to peanuts and not 1 acre devoted to rice.

Mr. BARKLEY. I am not speaking of Alabama. I am speaking of the country as a whole.

Mr. GLASS. In my State of Virginia there are approximately 150,000 acres devoted to peanuts and not an acre to rice.

Mr. BARKLEY. I realize there are certain geographical questions that enter into the subject, but I was not speaking particularly of Alabama and Virginia. I was speaking of the country as a whole.

Mr. GLASS. What is the basic crop in one geographical section is not the basic crop in another section.

Mr. BARKLEY. That is undoubtedly true, but if the Senator from Alabama can give me information as to a comparison between the two crops, I should like to have it. It may be that other Senators have already furnished it; but if so, I am not aware of it.

Mr. BANKHEAD. I am sure the Senator from Kentucky knows in about the general way that the rest of us know that rice is not as large a crop as peanuts either in size or in financial returns. It is, however, a more nonperishable crop. It is furthermore a concentrated crop.

Mr. BARKLEY. Is the nonperishability of rice due to the fact that fewer people eat it than peanuts?

Mr. BANKHEAD. I do not care to yield for such a purpose, Mr. President. I thought my friend of Kentucky wanted some genuine information.

Mr. BARKLEY. I did want it, but I do not seem to be getting it.

Mr. BANKHEAD. The Senator has not been patient enough to wait for it. I am giving it to him in broken doses. I do not care to enter into a discussion of the comparative value of basic agricultural commodities which are now included in the bill or which should be included in it at its completion. There are reasons, which I have indicated, why rice was included. I would have no objection to taking it out. But the friends of the bill might as well know that if this matter is reopened we are to be confronted with a deluge of amendments. If there were nothing but peanuts involved here as an addition to the bill, I would not even rise to object. But I saw the actual developments in the Committee on Agriculture and Forestry. I saw that a reopening of the subject of which basic commodities were to be included in the bill was leading inevitably to a loading down of the bill, not by its friends entirely, I will say, but by many who were not interested in the passage of the bill



or, at least, who expressed no real hope or expectation of a successful operation of the bill.

As I said to the friends of the bill, in taking this position I am probably making more of a sacrifice than any other Senator who votes against including peanuts in the bill. I am interested in a paramount way in a bill that will tend along general broad lines to elevate the prices of agricultural commodities throughout the United States and not merely in one local community. If those who are now urging that peanuts be included in the bill had as much enthusiasm about the successful operation of the bill as I should like to see exhibited, I would have less reason for opposing a reopening of the bill to include various other commodities.

But, Mr. President, when we load the bill down with half a dozen more commodities, we simply bring about greater difficulties in the administration, we bring about more direct collision with the body at the other end of the Capitol which has passed upon the matter. I know that some Members of this body are willing to assist delay in the final passage of the bill and the turning over to the administration of an opportunity to put it into effective operation. So I say, considering all things, we are entering upon a dangerous ground unless we want to emasculate the bill and fix it so the administration will be overloaded with items for its effective administration. There is no one here who can tell, if it be reopened upon that subject, what it may include when we get through. For that reason, Mr. President, as a member of the committee and as one who has confidence in the successful operation of the bill, I feel it my duty to oppose the inclusion of further commodities in the bill.

Mr. GEORGE. Mr. President, I find no definition of basic commodities in the bill. I find an enumeration of basic commodities. Therefore, anything the draftsmen cared to enumerate as a basic commodity is included in the bill. As nearly as I can make it out, the only reason why peanuts or perhaps some other commodities should not be included is that those who originally drafted the bill did not regard them as basic commodities and did not see fit to include them. In that connection I want to call attention to what did occur.

Enumerated among the basic agricultural commodities originally were cattle and sheep. Both cattle and sheep were stricken out of the bill by the committee and, therefore, I think we must take it that the draftsmen of the bill were not altogether infallible in deciding what is or is not a basic commodity.

Mr. President, there is no reason why those who grow peanuts might not have whatever advantage the bill will bring to that particular commodity. For that matter, I can see no reason why any other agricultural product should not be included in the bill. What is there complicated about the administration of the bill? All we do is lease the acreage or impose the tax. The taxgatherers—that is, the Bureau of Internal Revenue—collect the tax, and then it is merely a question of passing it back, of course, to the producers of the particular commodities.

The peanut crop is grown very largely in that part of the country where cotton also is grown. We will be dealing substantially with the same farmers, with the same number of farmers, and I do not see how we will be overloading the bill in the sense that if we were now considering the Farm Marketing Act, where a board was charged with the responsibility of dealing in a particular commodity, such a statement might be literally true.

But here it is only a question of making some arrangement with the producer either to rent his acreage or to impose upon him a tax. I do not see how there is any insuperable objection to the inclusion in the bill of any particular commodity the producers of which would like to have it included in the bill.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Virginia?

Mr. GEORGE. I yield.

Mr. GLASS. May I interrupt the Senator with this question: There are 1,932,000 acres of land devoted to the production of peanuts. Suppose we practically destroy the peanut business, will not those acres of land be devoted to the production of cotton?

Mr. GEORGE. I think the Senator is undoubtedly correct.

Mr. GLASS. They are grown in the cotton States, and there would be nearly 2,000,000 acres more of land then devoted to the production of cotton.

Mr. GEORGE. Precisely. If there is virtue in the bill, we cannot separate one crop and make application of this or any other law to it because the very fact that we have excluded it will defeat the effort to benefit it. The one substitute that we have by way of a money crop in the Southeast, the weevil having destroyed or greatly reduced cotton production, is peanuts. That is to say, peanuts constitute one of the chief crops, if not the leading crop. If we exclude peanuts from the bill, we will undoubtedly open up the same acres to cotton. If there is any profit in cotton, if there is merit in the bill, and if it is profitable to raise cotton, the moment we exclude peanuts we put that land back in cotton. We cannot work it by simply taking one particular crop and excluding all others. There is every reason why any crop that is a sizeable crop, and in any large area of the country is a basic crop, should be included in the bill. Mr. President, you might as well give us no bill for cotton, you might as well give us no bill for tobacco, if you are going to turn back on us a large acreage that is just as easily tillable in cotton or tobacco as it is in peanuts.

Mr. CONNALLY. Mr. President, may I inquire of the Senator from Idaho if he desires the floor at this time? I understood that he yielded to the Senator from Virginia with the expectation of getting the floor again.

Mr. BORAH. No; I yield for the present.

Mr. CONNALLY. Mr. President, I desire to call the attention of the Senate to a measure which I have pending in the Senate which would obviate the necessity for some of the provisions of this bill; and that is a bill which I introduced, which I commend to the attention of Senators, bearing the number S. 1111, having to do with the reduction of the gold content of the dollar.

On yesterday, when the debate on inflation was before the Senate, I did not take part and urge the proposal which I now make, because my understanding was that the plans of the leaders did not contemplate the adoption of any amendment of that character because of the desire to hurry the consideration of this bill; but at the conclusion of my remarks I propose to ask that my amendment lie on the table, with a view of bringing it to the attention of the Senate at the conclusion of the bill.

Mr. President, it is generally conceded in this country that there will be no return of prosperity until the price level of commodities has been raised. There certainly can be no permanent recovery until property values are raised and commodity prices are raised. This bill has for one of its purposes raising the price of agricultural commodities.

Another purpose which this bill has in mind is the scaling down of farm mortgages. The process, as provided in the bill, must be voluntary. The creditor cannot be forced to reduce his mortgage or the debt which is owed to him by the debtor. It must be voluntary. We are proposing by this bill to tax the consumers of America and to bring into play the extreme powers of this Government. To do what? To make consumers pay more for the agricultural products covered by the bill.

The measure which I propose will accomplish both of those purposes. It will lift the prices of agricultural commodities and the prices of all other commodities, and thereby will make possible the reduction of mortgages upon farms, factories, and every other industrial business in the land.

Mr. President, every plan for inflation has for its purpose what? Cheapening the dollar; lifting the prices of com-



modities. Other plans are indirect. Other plans may work or they may not work, but I submit to the Senate that the reduction of the amount of grains of gold in the dollar is a direct inflation by increasing the volume of currency in inverse ratio to the reduction of the gold content, and the measure which I introduced some weeks ago reduces the gold content of the dollar by one third.

The direct and immediate effect of that reduction would be the lifting of the commodity price practically 50 percent. It would have the effect of scaling mortgage and other indebtedness approximately to the extent of one third.

Mr. President, how are the people of the United States ever to discharge the burden of mortgage debt, bonded debt of the States, counties, and cities, and the Nation itself, at the present price of the American gold dollar and at the present level of American commodities? It cannot be done. We face the alternatives of liquidation, bankruptcies, foreclosures, squeezing out the inflated values of other days, and getting back down on bedrock, or of increasing the money supply by reducing the value of the gold dollar.

It is said by some that Congress has no power to reduce the value of the gold dollar. I expect to address the Senate at some length on a future day upon the constitutional and legal questions involved; but at this time I shall be content with the statement that under the Constitution, which gives the Congress the power "to coin money" and "regulate the value thereof", Congress possesses now and always has possessed the power, whenever it may see fit to do so, to regulate the value of money by changing its value in relation to the value of other commodities.

The Constitution does not say "fix the value of money". It says "regulate the value" of money; and I submit that the word "regulate" means to change that relationship with regard to other commodities. What else could it mean? What did the fathers have in mind except to give the Congress the power to change the standard of money whenever it may see fit to do so?

What has the rest of the world done?

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I do.

Mr. LOGAN. Does the Senator make the contention that because of that provision in the Constitution every creditor who entered into a contract providing for the payment of money in gold took the contract with full knowledge of the fact that Congress had the right to regulate the value of money, and, therefore, it would not be in violation of the provisions of the contract, or impair the contract, if Congress should regulate the value of money?

Mr. CONNALLY. I shall say to the Senator in reply that, as I indicated a moment ago, I do not at this time desire to consume the time of the Senate with any lengthy discussion as to the constitutional and legal features of the subject; but I might observe to the Senator that when men make contracts they make those contracts with the knowledge of constitutional provisions. They make them with the knowledge of the power of the courts and of the limitations of the courts. They make those contracts in subordination to the powers of Congress to regulate them and to control them.

I might suggest that when a debtor and a creditor make a contract with reference to money—I am not speaking now of bullion contracts; I am speaking of contracts calling for dollars—they are contracting with reference to the lawful money of the country, knowing at the time they so contract that Congress always has had the sovereign right to regulate the value of money.

A high English court only a few weeks ago decided a similar question in Great Britain. That court said in that case that a contract calling for pounds of a certain standard of weight and fineness was either a bullion contract calling for so much gold bullion or it was a contract calling for pounds. The court held that it was not a bullion contract but was a contract calling for British pounds, and that that debt could be settled in new British pounds of the

depreciated value which has followed England's going off the gold standard. I hope that answers in some measure the Senator from Kentucky.

Mr. President, what did England do when she went off the gold standard? England did not have to go off the gold standard. She went off the gold standard because she wanted to revalue her money. She reduced her money from \$4.86 for a pound to about \$3.20 for a pound. She calls it "controlled inflation." She does not redeem in gold. Her purpose was to reduce the value of the British pound; and what has followed?

Great Britain has been taking away from America trade in foreign countries because her lowered costs of production have enabled her to undersell America. Our imports are increasing. Our exports are decreasing. A similar situation is true as to every country which has depreciated its currency. The result has been that they are in position to sell more cheaply than America. The higher the dollar becomes, the greater the advantage to foreign countries.

Mr. President, now is the time of all times when the plan which I propose for the reduction of the gold content of the dollar can be accomplished.

When I spoke in this Chamber on the 24th of January, urging a reduction of the gold content of the dollar, there were Senators who held up their hands in fear that agitation of that bill would result in gold withdrawals from the Treasury and from the Federal Reserve banks. They said, "You must not urge that bill, because it will result in a run on the banks for gold, and our gold reserves will be depleted, and disaster will come to our country." I was not insensible to those appeals, and for many weeks I was not active in behalf of this measure. Finally there came the bank crisis and the passage of the emergency banking legislation. As a result of the enactment of that legislation, what occurred? An embargo on gold shipments abroad was proclaimed, and properly so. The Government issued an order suspending gold payments in America. Gold hoarders were ordered to return their gold to the Treasury or to the Federal Reserve banks. Those things have been done. Today we are actually off the gold standard, but theoretically we are still on the gold standard. However, for all practical purposes, we are on the gold standard because our money is redeemable in gold, and everybody regards it as redeemable in gold. This situation, however, is one which makes possible the enactment of a measure reducing the gold content of the dollar without permitting private profiteering. Gold hoarders cannot now profiteer at the expense of the public. The gold is in the Treasury. It is the Government's gold as a reserve. My bill provides that that gold shall be retained in the Treasury and new gold certificates issued against the gold reserves on the basis of a lower gold content.

So, of all times, now is the most propitious time within our history for the enactment of legislation lowering the value of the dollar by cutting its gold content by one third.

Mr. President, Senators who expressed grave apprehensions as to the powers of Congress to do this thing in January since that time have voted for bankruptcy laws to do what? To avoid contracts. Why do they vote to put the railroads under the bankruptcy law? They vote to allow the railroads to take advantage of the bankruptcy law for the purpose of scaling down their debts, for the purpose of affecting contracts which they have made with their creditors, for the purpose of defeating—if I may use that word—solemn contracts. In the legislation now pending we propose to use all of the persuasive powers of the Government and all of the inducements of this measure to cause mortgage holders to reduce their mortgages. Why do we do that?

We know that those mortgages can never be paid in full. We know that the mortgage holder will profit more if he gets two thirds of the amount of his bond than if he gets 100 percent in the form of a deferred debt. So how does it become immoral to cut down, under the clear authority of the Constitution, the number of grains of gold in a dollar? How is that immoral when it is perfectly moral to pass a



bankruptcy law for the protection of railroads and banks? Even municipalities have been suggested. How can Senators draw a contrast between those two propositions?

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ADAMS. I wanted to make this inquiry of the Senator from Texas. He was discussing a moment ago the fact that if his proposal had carried sometime back there might have been gold withdrawals. That could only come about if his proposal when adopted would affect the price of gold by raising it. As I understand, it would not affect the commodity value of gold. It merely would affect the acceptability of gold for payment, which is quite different from the silver proposal which came up yesterday against which the Senator voted. That would have an effect beyond the borders of this country. The Senator's proposal would be to enable \$1 of today's currency to pay tomorrow \$2 of indebtedness—that is, it would affect gold as the standard of measurement—not as a commodity.

Mr. CONNALLY. Mr. President, the Senator is largely correct. My bill would not change the volume of gold in the world. It would not change the number of grains of gold in existence. But it would change the number of grains of gold which make a dollar, and American business, American property, American finance, and American industry are based, not upon gold as such but upon gold measured by dollars.

Let me say to the Senator that, of course, 23 grains of gold in the markets of the world would still be worth, after my bill passed, exactly the same they are worth now, with the exception that they would buy more dollars. Under my bill 23 grains of gold, instead of buying \$1, would buy \$1.50 in America.

Let me say to the Senator that this bill would also raise the price of silver. The bill which I propose would raise the price of silver just as it would raise the price of other commodities, because while it has no reference to silver as such, when a dollar of gold is made 16 grains instead of 23, that dollar of gold will buy less silver, and consequently silver, in terms of dollars, will be worth 50 percent more than it is worth today. Does the Senator follow me there?

Mr. ADAMS. Absolutely.

Mr. CONNALLY. So there is no quarrel between the Senator from Colorado and myself, I believe, as to the effects of this legislation.

Mr. ADAMS. My only question was whether or not we ought not to follow the broader policy, which would increase the value of silver in the Orient and in the silver-using countries and thereby increase the consuming capacity of the world, rather than merely apply it to the local debt-paying capacity.

Mr. CONNALLY. Let me say to the Senator, with reference to silver, that I never have been able to get it through my mind that we can arbitrarily fix a ratio here in the United States between gold and silver and make it effective in the rest of the world. When silver is worth 26 cents now, and we undertake by making the ratio 16 to 1 to bring that value to 129 cents, I cannot see but that all the silver in the world would be dumped upon us, and that our gold would be taken away, and that instead of having a gold standard we would have a silver standard. We would have, in effect, not a gold standard. I am not out of sympathy with the Senator, but I cannot see how we can arbitrarily fix a relationship between gold and silver, or gold and anything else. Why not coin peanuts at some ratio? We cannot do it.

Mr. GLASS. Mr. President, if the Senator will just let us do it, we will make peanuts a part of the bill. Is the Senator going to propose his depreciation of the gold dollar as an amendment to my peanut amendment?

Mr. CONNALLY. I shall say to the Senator from Virginia that I have no disposition to delay this amendment. I took no time on the money question yesterday, and I wanted to submit some remarks today, because of the fact that it affects both this bill as it applies to agricultural commodities in general, and particularly the mortgage fea-

ture. I am sorry the Senator from Virginia is so impatient and intolerant as to the course of debate.

Mr. GLASS. I will say to the Senator that I am neither impatient nor intolerant. I am simply ill, and I wanted to get a vote on my amendment.

Mr. CONNALLY. I am sorry for the Senator. If the Senator had advised me that he was ill before I took the floor, I should not have consumed any time, and I assure the Senator that I shall conclude very shortly. I merely selected peanuts as an extreme case to illustrate the impossibility of arbitrarily fixing by law a relationship between the value of any two articles and maintaining that relationship.

I may observe that gold is the only commodity on earth that I know about whose value is arbitrarily fixed by law. In the United States a dollar contains 23 grains of gold. If the gold supply should be doubled tomorrow, gold would still be worth the same, because each dollar would be composed of 23 grains of gold. If tomorrow half the gold in the world should be dropped into the Atlantic Ocean, the remaining half would still be worth 23 grains to the dollar. Why should gold, one commodity, have its value arbitrarily fixed by inflexible law, whereas the value of other commodities goes up and down with the recession of trade and of commerce and according to the law of supply and demand?

Mr. ADAMS. Mr. President, will the Senator yield again?

Mr. CONNALLY. I yield.

Mr. ADAMS. I would like to make just one observation. It seems to me there is a slight error in the Senator's contention. It does not seem to me that the value of the gold is fixed by statute. The weight of the gold dollar is fixed by statute, but the value of the gold dollar must be determined by the amount of commodities which can be received in exchange for it. Part of our complaint today is that the value of gold has gone up in terms of its exchange value in other commodities.

Mr. CONNALLY. The dollar has gone up, but the same number of grains constitute a dollar now that have constituted the dollar since 1834. The gold goes up in terms of commodities, but in terms of the dollars the value is fixed. That is the point I am trying to make. All other commodities are measured in the dollar. The dollar remains fixed in its relationship to gold. The value of gold measured in other commodities has gone skyward; but, measured in dollars, it is the same, while all other commodities are measured by the dollar, and therein lies the injustice of it.

I say to the Senator from Colorado that my bill further provides that after the gold content is once cut, thereafter all gold shall be retained in the Treasury in the form of bullion, and the number of grains which will be given in redemption for a dollar will vary from time to time according to the index price of a thousand selected basic commodities. That will obviate the objection of the Senator from Colorado.

Mr. President, in conclusion, this measure would have the effect of scaling down the farm mortgages to which the bill refers. It would have the effect of lifting commodity prices and property values throughout the United States instantaneously upon its enactment.

It would enable America to reclaim much of her foreign trade, and to offset the depreciated currencies of foreign countries.

It would stimulate employment. When business begins to move, when debts begin to be paid, when the banks are able to collect their indebtedness on these lower standards of the dollar, we shall find a renewed activity throughout the whole business world.

Mr. President, it is said that this is a drastic step. It is drastic, but let me remind the Senate that we are living in desperate days. We are living in one of the most tragic depressions of modern times. Conditions have not materially improved. Shall we go on with deflation? Shall we continue with liquidation? Shall we squeeze out the small business man and the farmer, many corporations, many insurance companies, perhaps, which may be wrecked, or shall we now, by one drastic operation, check the forces of



deflation, arrest the tide of liquidation, lift commodity prices, embark again on our successful world trade, and give America a chance to grow out of this depression, and once again enter upon rising ground?

Mr. President, this measure will eventually be adopted. I dare to venture the assertion that sooner or later, unless we are to have widespread bankruptcy, and almost complete national liquidation, some measure of this character, for the reduction of the amount of gold in a dollar, will have to be adopted by America to pull herself out of the position into which she has been maneuvered by foreign countries in the manipulation of their currencies, and of their money and their world trade.

It may require courage, but an aggressive and courageous institution of this reform to my way of thinking will do more to restore America than any half dozen measures which have been proposed.

Mr. President, I hope at some future date to address the Senate on the legal and constitutional aspects of this question, but for the present I shall be content with offering the amendment which I send to the desk, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

The question is on agreeing to the amendment proposed by the senior Senator from Virginia [Mr. GLASS].

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer an amendment which I send to the desk.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. McNARY. May I ask the Senator whether he desires to offer the amendment at this time?

Mr. BYRNES. I do.

Mr. McNARY. We were in the midst of the consideration of an amendment offered by the able Senator from New Jersey [Mr. BARBOUR], who was called from the Chamber, and at my request his amendment was temporarily laid aside. Will not the Senator allow us to go on with the consideration of that amendment?

Mr. BYRNES. Mr. President, I would be content to do that, but I will have to absent myself from the Chamber a little later, and the amendment which I have sent to the desk could be disposed of in a few minutes. If it would take very much time, I would not ask for its consideration at this time. Will not the Senator from New Jersey allow me to offer the amendment at this time?

Mr. BARBOUR. I am very glad to yield to the Senator to do that.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which the clerk will state.

The LEGISLATIVE CLERK. On page 11, line 1, after the word "processor", the Senator from South Carolina proposes to insert the following:

*Provided, That in the case of cotton the tax shall be levied, assessed, and collected at the time that the goods are invoiced for sale by the processor.*

Mr. BYRNES. Mr. President—

Mr. SMITH. At what point in the bill does my colleague propose that amendment?

Mr. BYRNES. On line 1, page 11, after the word "processor."

Mr. President, I know very little of the processing of the other commodities referred to in this bill. In the case of cotton, however, the fact is that under the language of the bill as reported the tax would be levied, assessed, and collected at the time the raw cotton entered the manufacturer's possession. Within recent years, so far as I am aware, no cotton mill in South Carolina has been able to operate at a profit. In order to maintain their organization they often operate when they cannot manufacture at a profit and then warehouse the manufactured goods until such time as it is possible for them to sell at a profit or at least at the cost of production. In order to preserve the organization and for humanitarian reasons they continue to operate.

The effect of the bill as reported, if enacted, would be that the manufacturer must pay the tax immediately upon the raw cotton coming to the mill, and if he should be unable to sell those goods for 6 months, then he would be out of his money for that length of time. The amendment I have offered provides that the tax shall be levied and collected at the time the goods are invoiced for sale, so that when invoiced for sale the manufacturers will pay the tax and will have an opportunity to be reimbursed thereafter as soon as the goods are paid for by the purchaser. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BARBOUR obtained the floor.

Mr. AUSTIN. Mr. President, will the Senator from New Jersey yield to me for the purpose of calling for a quorum?

Mr. BARBOUR. I yield.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Loneragan	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fletcher	McGill	Stephens
Bone	Frazier	McKellar	Thomas, Okla.
Borah	George	McNary	Thomas, Utah
Brown	Glass	Metcalf	Townsend
Bulkley	Goldsborough	Murphy	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Hale	Norbeck	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present. The Senator from New Jersey [Mr. BARBOUR] is entitled to the floor.

Mr. SMITH. Mr. President, if the Senator from New Jersey will allow me, I wish to say that there has been given to me a proposed amendment to the very section to which the Senator desires to address himself. I will ask the clerk to read it, and I think it will meet the objection of the Senator.

Mr. BARBOUR. I have no objection to the suggestion made by the able Senator from South Carolina.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina.

The LEGISLATIVE CLERK. On page 21, lines 20 and 21, it is proposed to strike out the words "other than a consumer or a person engaged solely in retail trade"; and on page 22, in lieu of the amendment proposed to be inserted in lines 14 to 19, inclusive, to strike out lines 9 to 13, inclusive, and insert in lieu thereof the following:

(b) The tax imposed by subsection (a) shall not apply to the retail stocks of persons engaged in the retail trade.

The PRESIDING OFFICER. Let the Chair suggest to the Senator from New Jersey and the Senator from South Carolina that the question now recurs on the committee amendment, being section 9 as reconsidered and as having since then been amended. The proposed amendment by the Senator from South Carolina refers to the amendment intended to be proposed by the Senator from New Jersey, which is a different amendment.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COPELAND. May I ask the Senator from South Carolina what happens to lines 14 to 19, inclusive, on page 22, in view of his amendment?



Mr. SMITH. That part of the amendment has not as yet been read. The Senate has already adopted an amendment here, and in order to substitute the amendment offered by me there must be a reconsideration of the action whereby the amendment was agreed to before my amendment would be in order.

Mr. COPELAND. Does the Senator propose that?

Mr. SMITH. If that is the parliamentary situation, I ask that the amendment of the committee which has been adopted may be reconsidered in order that I may offer the amendment which is now proposed as a substitute for the entire section.

The PRESIDING OFFICER. The Chair is advised that before that can be done the Senate must first act on section 9, page 10, the committee amendment, as amended.

Mr. SMITH. Very well; let that be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. The Senator from New Jersey is entitled to the floor.

Mr. COPELAND. If my friend from New Jersey will permit me, I should like to make a parliamentary inquiry. I am not clear yet as to what the Senator from South Carolina is proposing to do.

Mr. SMITH. I ask that the clerk read the amendment proposed as a substitute.

The PRESIDING OFFICER. Does the Senator from New Jersey yield for that purpose?

Mr. BARBOUR. I do.

Mr. SMITH. It is intended as in the nature of a substitute for subsection (b), on page 22, beginning with line 9 and going down to line 19, inclusive. If the clerk will read it, the Senate may understand the amendment.

The legislative clerk read as follows:

On page 21, lines 20 and 21, strike out the following: "other than a consumer or a person engaged solely in retail trade."

On page 22, in lieu of the amendment proposed to be inserted in lines 14 to 19, inclusive, strike out lines 9 to 13, inclusive, and insert in lieu thereof the following:

"(b) The tax imposed by subsection (a) shall not apply to the retail stocks of persons engaged in retail trade, held at the date the processing tax first takes effect; but such retail stocks shall not be deemed to include stocks held in a warehouse on such date, or such portion of other stocks held on such date as are not sold or otherwise disposed of within 30 days thereafter. The tax refund or abatement provided in subsection (a) shall not apply to the retail stocks of persons engaged in the retail trade, held on the date the processing tax is wholly terminated."

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from New York?

Mr. COPELAND. A parliamentary inquiry. Do I understand now that the Senate consented to a reconsideration?

Mr. SMITH. No; there has been no reconsideration in this instance.

Mr. COPELAND. I am concerned about the amendment which was inserted on page 22, lines 14 to 19. As I take it, if the amendment just offered by the Senator is adopted it will wipe out the other amendment.

Mr. SMITH. The Senator is correct.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. BARBOUR. I yield.

Mr. KING. I ask for information. Is it the intention of the bill, in the form in which it was reported, to impress upon stocks in the hands of retailers or wholesalers the terms of the bill and subject them to the limitations, restrictions, pains, and penalties therein provided?

Mr. SMITH. It applies to the wholesalers, but not the retailers. The substitute offered for subsection (b) exempts retailers with a stock on hand when this tax shall go into effect, except such stocks as are held in warehouses or that are unsold and no provision made for their sale up to the time the tax goes into effect.

Mr. KING. Does it affect such a situation as this: I have in mind a large establishment in my State which purchases millions of dollars worth of commodities, including food products, and so forth, as well as merchandise. It has necessarily, because of its large activity, to have warehouses. It has these commodities in its warehouses. Sometimes they might be there for 10 days or sometimes 2 or 3 or 4 months. All of the commodities it has in the warehouses, as I understand the Senator, that it has had on hand more than 30 days, would be subject to the provisions of the act.

Mr. SMITH. If they have not been disposed of or sold within 30 days after the tax goes into effect, the stocks would be subject to the tax.

Mr. KING. Would not that tend to encourage rapid disposition of stocks even to the point of reducing the market price and deluging the markets and injuring competing firms?

Mr. SMITH. I am simply stating to the Senate the terms of the bill. Just what the effect may be I am not able to say. The terms of the bill are such that there are 30 days given under the substitute I have offered for the disposal of such stocks as are held by retailers, which stocks are not included in warehouses.

Mr. KING. It needs several prophets, outside of those in the Department of Agriculture, to properly interpret the bill.

Mr. BARBOUR. Mr. President, I am very anxious to yield to the Senator from South Carolina in response to his suggestion, but I am quite sure that his proposal is not satisfactory as it reads. Wherever the term "retailer" is used in the amendment which he has submitted, there should be inserted likewise "wholesaler." We are going to have difficulty, in my opinion, in drawing the proper lines. We are going to run into the same complications I spoke about this morning unless the whole section is eliminated. However, I should be willing to compromise in order to expedite the matter if the Senator will couple the word "wholesaler" with the word "retailer" and let the clerk read it again in that form.

Mr. SMITH. If that were adopted, so far as the purposes of the section are concerned, it might defeat for a time at least the whole operation of the bill, for the reason that a provision is in the bill that the processor who has a stock on hand, has manufactured the stock, has the commodity on hand before ever the tax goes into operation, has already contracted for the consumption of all of his stock, does not pay the tax. Under the terms of the bill, when he processes whatever it is he has on hand, he does not pay the tax. He passes the tax on to the vendee. His contract has already been made with the vendee, and he is exempted from tax on all of the raw material he has up to the time the tax goes into effect. Upon all that he processes out of that product, he does not pay the tax. It is collected by the Internal Revenue Bureau from the vendee, so that the vendee, whoever he may be, the wholesaler in the first instance, has to pay the tax. The retailer is exempted. We will not get a double tax. The retailer is exempted so far as concerns the stock he has on hand or that he may receive within the 30 days.

Mr. BARBOUR. Mr. President, that is along the line of the argument advanced by the Senator from South Carolina this morning. I do not want to seem stubborn or arbitrary, because I do not mean to be either.

Mr. SMITH. If the Senator will allow me to correct him, under the terms of the bill, without the substitute which I have offered, the holder of the articles that would have been processed would pay the tax immediately. This is an exemption of the stock he has on hand, that he has not disposed of except such as he has in the warehouses. If he has not any stock in the warehouse but in his ordinary place of business, he must dispose of that within 30 days.

Mr. BARBOUR. I feel, particularly in the light of the explanation given by the Senator from South Carolina, that certainly the amendment suggested would be a great improvement in respect to the objections which I took the



liberty of raising this morning. I should like to have a vote on my amendment to strike out the whole section. I do not care to delay the Senate, but I should be glad to have that vote taken now. If my proposal is not adopted, it clears the way for consideration of the position taken by the Senator from South Carolina.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from New Jersey yield to the Senator from Idaho?

Mr. BARBOUR. I yield.

Mr. BORAH. Do I understand the section which the Senator desires to strike from the bill is in lines 14 to 19, on page 22?

The PRESIDING OFFICER. The Senator from Idaho is correct. The amendment of the Senator from South Carolina affects subsection (b) beginning in line 9 on page 22.

Mr. BORAH. The Senator from New Jersey is moving to strike out what section?

Mr. BARBOUR. The whole of section 16.

Mr. SMITH. The Senator will see at a glance that under the provisions of the section as it is proposed to amend it, some wholesalers or processors might rush into the market and purchase such a quantity of the commodities in which they are interested as to last them virtually a year and thus be exempted entirely from all tax whatever.

Mr. BARBOUR. The Senator from South Carolina, I am sure, does not mean to imply that I am trying to further any such undertaking as that?

Mr. SMITH. Oh, no. The Senator is trying to protect those who already have the goods and, therefore, having bought them and arranged to dispose of them, ought not to be taxed for that in which they have already invested. I understood that thoroughly and it was discussed in the committee. It seems to me if we could ascertain at the very moment this should go into effect just the amount that is owned even by the wholesalers and retailers, that which had been processed ought to be exempt from the tax. It would be an impossibility to draw the line or ascertain the amount definitely. It is almost impossible to do otherwise than as the bill provides.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Idaho?

Mr. BARBOUR. Certainly.

Mr. BORAH. I should like to have the amendment offered by the Senator from South Carolina read again.

The PRESIDING OFFICER. The clerk will again read the amendment offered by the Senator from South Carolina. The legislative clerk again read the amendment.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Vermont?

Mr. BARBOUR. Certainly.

Mr. AUSTIN. I should like to ask the distinguished chairman of the committee a question with regard to the first part of his proposal to amend. Is it not a fact that when we strike out the words "other than a consumer or a person engaged solely in retail trade", the effect is to leave the tax upon every other person who has an inventory containing any of these basic commodities?

Mr. SMITH. No; it will be found that the subsequent amendment which I have proposed takes care of that very matter.

Mr. AUSTIN. May I invite the Senator's attention to the way the language would stand after striking out as he proposes? It would then read:

Sec. 16. (a) Upon the sale or other disposition of any article processed wholly or in chief value from any commodity with respect to which a processing tax is to be levied, that on the date the tax first takes effect or wholly terminates with respect to the commodity, is held for sale or other disposition (including articles in transit) by any person, there shall be made a tax adjustment as follows:

Is it not an irresistible conclusion that any man who has an inventory of goods containing these basic commodities,

whether they are in his store or in transit in a freight car or other conveyance, is bound to pay this tax? There is no exemption and no exception. By striking out the words "other than a consumer or a person engaged solely in retail trade", we put them back into the bill and make the consumer pay a tax and make the men engaged in retail trade pay the tax except insofar as we take the retail trader out by the last part of the Senator's amendment.

Mr. SMITH. I am not a lawyer, but I think all were agreed that the word "person" covers all those who are in business as a merchant. The context of the bill, coming down to the proposed substitute which I have offered, would have the effect indicated, but there it takes out of the bill all but the wholesaler. There are but two persons engaged in the process of vending, the wholesaler and the retailer. Therefore, the only persons who could be affected would be the retailer, who is provided for in the section indicated, and the wholesaler, who must necessarily come under the following terms of the bill.

Mr. BARBOUR. Mr. President, I am perfectly frank to admit that, like every one else, I rather think this whole section is very confusing. There is no question about that. If the Senator's explanation of his proposal is correct—and I hope he will not misconstrue the spirit in which I make that observation—I am perfectly willing to withdraw my amendment, provided his will carry.

Mr. SMITH. Mr. President, I desire to make this statement: I presume I will be one of the conferees. I frankly admit that the wording of this floor-stocks provision is the most confusing wording that there is in the whole bill. I know what the intent of the framers of the provision is. I heard them explain it; and if this amendment can go in, when we get into conference, without doing violence to the rules governing a conference, I shall do all in my power to simplify this language so as to protect those engaged in the business.

Mr. BARBOUR. That is perfectly satisfactory to me.

Mr. COPELAND. Mr. President, I share the confusion that the Senator professes to feel regarding this matter.

As I understand, the Senator from South Carolina strikes out, on page 21, lines 20 and 21, the language "other than a consumer or a person engaged solely in retail trade." That is correct, is it?

Mr. SMITH. That is correct; yes.

Mr. COPELAND. Then he likewise strikes out, on page 22, section (b) of the original bill and section (c) added by the committee. That is right?

Mr. SMITH. Yes.

Mr. COPELAND. The Senator strikes out sections (b) and (c); and then, in place of sections (b) and (c), he inserts the language which he proposes, which has to do with the floor stocks. Then, under another section of the bill, on page 25, the distributors who have large quantities of their products in transit will have the same relief that processors have regarding loans from the Reconstruction Finance Corporation.

I think I may say to the Senator from New Jersey that while it takes a lot of imagination to understand what is before us, apparently the thing which he has sought to accomplish, and which I had in my mind by proposing a reconsideration of this new section (c), I think will be accomplished; but, of course, we have to have some faith to believe that in the interpretation thereof our friends will be given protection.

The PRESIDING OFFICER. The question is on the two amendments offered by the Senator from South Carolina [Mr. SMITH], which, without objection, will be treated as one.

The amendments were agreed to.

The PRESIDING OFFICER. Does the Chair understand the Senator from New Jersey to withdraw his motion to strike out?

Mr. BARBOUR. I do.

The PRESIDING OFFICER. The motion to strike out is withdrawn.



Mr. COSTIGAN. Mr. President, as one Member of the Senate who expects to vote for the pending bill, I offer the amendment sent to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 16, line 9, after the word "tobacco", it is proposed to insert the words "sugar beets, sugar cane."

Mr. COSTIGAN. Mr. President, the evident purpose of the tendered amendments is to include sugar beets and sugar cane among specified basic agricultural commodities, such as wheat, cotton, field corn, rice, tobacco, and milk and its products, included in section 11 of the bill.

Whatever else is pressed on our attention, farm and unemployment relief continue to be twin objectives of primary legislative importance. At this session of Congress we in the Senate have already dealt particularly with the one. It is well that we are about to deal, at least experimentally, with the other.

In tendering the pending amendment, I venture to recall the dominant purpose of the bill before us.

The measure is designed to alleviate farm distress, in part by market control and in part through benefit payments—which the Senator from South Carolina some days ago conceded to be essentially cash bounties procured from taxes on processors—by increasing the prices of certain agricultural commodities received by farmers to pre-war or other levels specified as "the base period" in section 2 of the measure. In the case of wheat, rice, and some other articles, the base period of average purchasing power is fixed as extending from 1909 to 1914, and, if the present bill is to become law, it is not only proper but also important and just that to the commodities thus to be dealt with sugar beets and sugar cane should be added.

The Senate does not need to be advised that farm distress is not localized in the United States. In spite of our boasted tariffs, farm bankruptcy has long existed and has continued to expand, in a fashion and to an extent difficult to describe, among the beet growers of some 17 States and the cane growers of two other States of the Union. Perhaps these States should be listed. As reported by the United States Tariff Commission in one of its summaries on tariff information in 1929, the 17 sugar-beet States are California, Colorado, Idaho, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, Ohio, South Dakota, Washington, Wisconsin, Wyoming, and Utah. The two sugar cane States, as is well known, are Louisiana and Texas.

The plight of farmers who look to sugar beets and sugar cane for all or part of their living is not less moving than that which has focused national attention on growers of wheat, corn, rice, and livestock. Many producers of livestock for reasons of their own have asked exclusion from this measure. By the same right of decision the application of a responsible group of farmers for inclusion in the bill, as an aid to individuals and communities essentially dependent on their branch of farm production and for the solution of their particular problems, would appear to be manifest.

For several years in various Western States I have been advocating a different treatment for the beet-sugar industry than one of unchanging and ever increasingly higher tariffs. In 1930 in various discussions of the tariff policies of the 12 successive years of Presidents Harding, Coolidge, and Hoover, I repeatedly pointed out that ever-mounting tariffs on sugar, instead of stabilizing and advantageously "protecting" sugar-beet growers, have, in my judgment, operated to their disadvantage. By extending, in the form of tariffs, large bounties through higher prices to island sugar producers under our jurisdiction—those of Puerto Rico, Hawaii, and particularly of the Philippine Islands—we have greatly expanded island sugar production. With favorable labor and other conditions, oriental in part, and liberated from the tariff impediments affecting imported Cuban sugar, duty-free island sugar, particularly of Philippine origin, has grown by leaps and bounds. With Cuban imports hampered by high tariffs, this country has been steadily stimulating effective competition and added production which tends to

depress sugar prices. Philippine sugar, entering on the Pacific coast, is now trucked far inland into beet-sugar territory. It is invading the Salt Lake market. Years ago Gen. Leonard Wood declared that the Philippine Islands alone could in time produce approximately 5,000,000 tons of sugar annually—almost as much as has normally been consumed in the United States. The accuracy of that prophecy is no longer doubted.

Without any attempt to forecast our Nation's ultimate tariff policy, if this country is disposed, as in the past, to pay the price of stimulating our domestic sugar industry by tariff subsidies, a more economical and just attitude points, on the restoration of more normal conditions, to a combination of lower rather than higher tariffs for the industry and direct bounties for the benefit of sugar-beet and sugar-cane growers, instead of the continued and growing stimulation of other than continental sugar production. If we are to continue so-called "sugar protection", it is clear that in normal times farmers will be better protected and consumers can save substantially on the Nation's sugar bill by paying direct bounties saved out of the much larger indirect bounties of tariffs, when those tariffs are reasonably lowered. Fair bounties, if and when the return of normal times facilitate reduced sugar tariffs, might reasonably be made part of a modified sugar-tariff policy which would prove in the public interest, in contrast with our prior policy of ever-rising tariffs. Moreover such an experiment, with bounties limited to continental sugar, has an additional justification during that part of the period of transition to independence of the Philippine Islands in which large amounts of duty-free sugar are to be permitted to enter the United States.

There is, however, at present no little anxiety over our ruinously low sugar prices, to whatever degree affected by island sugar production and the general depression. The sensitiveness of markets at the hour even to minor disturbances leads many to believe we should halt tariff reductions until the restoration of more normal industrial conditions. With the price of Cuban 96° raw sugar c.i.f. at the port of New York recently ranging under 1 cent a pound, it is hardly necessary for the time being to inject any sugar-tariff reductions into market conditions. In fact this would rather appear to be a particularly suitable period in which to supplement bounties to beet growers by legislative provisions for a sliding-scale tariff which would increase as the price of sugar declines and decrease as the price rises. If the pending farm measure did not contemplate another method of dealing with farm products, and prices and marketing conditions, I should feel that such a proposal ought at once to be submitted to the Congress. If, however, it is possible at this hour to add sugar beet and sugar cane to the basic articles mentioned in the farm bill, that step would represent so definite an acceptance of the bounty principle applied to sugar production in the United States that it would be reasonable to ask sugar growers to accept and await the outcome of this new legislative experiment.

The Congress should bear in mind that, so long as nothing is done for the relief of our beet and cane farmers, their distress, like that of other farmers, continues and grows. It is not my purpose to elaborate on that distress beyond saying that it gravely affects the beet-producing regions in many States and farmers there who formerly were prosperous. Foreclosed farms, lost homes, closed banks, deserted fields, have set their incredible stamp, as in other parts of agricultural America, on some of our most fertile farm areas, long devoted to sugar production. For the present, therefore, and with justification, beet- and cane-sugar farmers ask to share in the present movement, aided by bounties secured from processors' taxes, to assist the revival of better farm conditions by raising present beet and cane prices to the pre-war levels.

It remains to answer the inquiry: What is involved in the amendment under the plan of the present bill?

The portion of the bill with which we are now concerned aims to permit the Secretary of Agriculture to give benefit payments to the producers of basic commodities enumerated



in section 11, so as to raise the purchasing power of farmers in terms of articles that the farmers buy to the level of the purchasing power of such articles in the base period specified in section 2. Benefit or bounty payments are provided for in sections 8 (1) and 12 (a). To raise the amounts necessary to reimburse farmers' taxes on processors are to be levied. These are provided for in section 9 (b) of the bill as amended during the period of the emergency which may be declared terminated by the President under section 13. Processors are to be licensed by the Secretary of Agriculture under section 8 (3) which also provides for the adjustment of marketing conditions so as to eliminate unfair practices and charges and to restore normal economic conditions.

So much has been said to make clear the general nature of the sugar problem and the appropriateness of consideration being given to it under a bill calling for farm relief and an increase in agricultural purchasing power. It will, of course, be asked what will be the effect on the price of sugar beets and sugar cane by their inclusion by amendment in the pending farm bill? It is possible to make approximate calculations indicating a gain to sugar-beet and sugarcane farmers of something like \$1 per ton if the amendment is adopted and made effective. The precise sum is one for speculation; at the moment it appears possible only to make estimates. The Congress and the public, however, will alike wish to know whether such an increase if made would be excessive. The reverse appears to be clearly established.

With respect to the probable increase in prices I have had two unofficial estimates made, one by a governmental expert in Washington, another by an economist. Asked to calculate the increased prices which may be looked for by beet growers if the bill is enacted with the amendment, the Washington expert, who is associated with the Department of Agriculture, some time ago wrote me as follows:

Applying the principles set forth in the bill, I reach the conclusion that inclusion of sugar in the bill would involve a guaranty at this time of \$5.865 per ton for sugar beets as the average "fair exchange value" for the producing areas of the country as a whole. This compares with an average price during 1932, on the basis of reports thus far submitted to the Department of Agriculture, of \$5.05 per ton. With reference to sugarcane, the result I get is \$4.20 per ton, as compared with an actual average price in 1932 (based on partial returns) of \$3.19 per ton. This estimate for sugarcane, however, is subject to a very considerable margin of error owing to the inadequacy of the pre-war price data that were used.

The results arrived at were secured as follows:

First, sugar beets. On the basis of statistics given in the Department of Agriculture Yearbook for 1915, page 497, with interpolations for the missing years 1909 and 1910, the average farm price received for sugar beets in the United States for the crop years 1909-13, inclusive, was \$5.59 per ton. The crops harvested in the years 1909-13, inclusive, would, of course, be those falling within the pre-war price parity-base period contemplated in the farm relief bill, namely, August 1909 to July 1914, inclusive. On this latter 5-year base taken as an index of 100 in the farm bill, the index number of prices paid by farmers in the United States for commodities bought was, in December 1932, 106; in January 1933, 105; and in February 1933, 104. If, as was provided in the farm relief bill introduced in the last session, a 3-month moving average were to be applied in administering this provision of the pending bill, it would be necessary to multiply the actual average price of \$5.59 as given above by 1.05, which gives \$5.865 as the "fair exchange value" contemplated in the pending bill. In the next to the last column of the table on page 15 of the enclosed bulletin on The Agricultural Situation for March 1, 1933 (published by the Department of Agriculture), will be found the full series of index numbers of farm purchasing power since 1910.

In the case of sugarcane the average price per ton prior to 1914 was not available in the records immediately at hand, and hence I have estimated the prices in 1909-13 on the basis of a study of the relationship between cane prices and beet prices for 1914 to 1931 and of the relationship between cane prices and prices of raw sugar, duty paid, New York, during the same period. Subject to a considerable margin of error, the derived price indicated for sugarcane in 1909-13 is in the neighborhood of \$4 per ton. Multiplying this figure by 1.05 would give \$4.20 as the "fair exchange value" contemplated in the pending bill.

The foregoing estimate has been checked for me by a competent economist. He reports that farmers received the following rates per ton of sugar beets between 1911 and 1914, and that during those years the New York duty-paid sugar prices, raw and refined, were as set out in the following table:

	Farm price of sugar beets (per ton)	New York duty-paid raw-sugar price	New York refined price
		Cents	Cents
1911.....	\$5.50	4.5	5.345
1912.....	5.82	4.2	5.041
1913.....	5.69	3.5	4.278
1914.....	5.45	3.8	4.683
Average.....	5.60	4.0	4.8

  

	Farmers' price for beets (per ton) (average)	New York duty-paid raw-sugar price
		Cents
1930.....	\$7.15	3.387
1931.....	5.92	3.329
1932.....	4.22	2.925

Mr. KING. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. KING. I am not sure that I understood the Senator with respect to the amount which, according to this representative of the Department of Agriculture, would be paid to the producer of beets. My understanding is that the beet producer has been receiving approximately from five to six dollars a ton, sometimes \$6.50. I do not think it has been as low as \$4, certainly not within my recollection. I was wondering where this economist, the representative of the Department of Agriculture, found figures justifying the assertion that \$4 had been the price at times paid for sugar beets.

Mr. COSTIGAN. The average price, as first reported by the Department of Agriculture on partial returns, was \$5.05 per ton. The later and apparently final figure appears to be \$4.22. I may say to the able Senator from Utah that I have here the figures for the country as a whole, and while it is true, as the Senator from Utah has suggested, that the price in earlier years was from five to six dollars a ton, it is my information that, during the past year, in the absence of minimum payments formerly made to farmers by sugar companies, the average price in the country has been as low as indicated.

Mr. KING. The Senator was giving the average throughout the United States?

Mr. COSTIGAN. Precisely.

Mr. KING. I was speaking rather with reference to the prices paid in that part of the United States from which I come, the great State of Utah.

Mr. COSTIGAN. The Senator is fortunate. If the Senator is correct, there will be no grant of benefit payments to the farmers of his State under the amendment; but I suspect that the Senator from Utah will discover on further inquiry that the farmers in his State, according to the latest figures, were not paid in 1932 as liberally as he believes.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. Confirming the Senator's statement and arithmetic, I should like to testify that the beet-sugar farmers of Michigan—which State, I believe, is the second or third largest producer in the country—were paid \$4 a ton on their entire crop last year.

Mr. COSTIGAN. Mr. President, on the basis of the first estimate, it appears that the increase in price of sugar beets over 1932 under the amendment would be approximately 81½ cents, and of sugarcane \$1.01. Under the economist's estimate, which appears to be based on later figures, the return on beets would be higher.

Under this later estimate, it appears that in 1932, when the average duty-paid price was 2.925 cents and the average c.i.f. price was 0.925 cent, the farmer received an average of \$4.22 per ton of beets—\$1.38 per ton below the pre-war level. Recently the c.i.f. Cuban raw-sugar price has been,



roughly, 1 cent per pound. The duty on Cuban sugar is 2 cents per pound, which gives a duty-paid price of 3 cents per pound.

Incidentally, the respective prices received by farmers in different years under a 1-cent tariff and under a 2-cent tariff will be noted in the last foregoing tabulation. Under the 1-cent tariff rate prevailing from 1911 to 1914 farmers received an average of \$5.60. In 1931, under a 2-cent duty, they were receiving an average of \$5.92, and in 1932, still under a 2-cent duty, they were receiving approximately \$4.23.

Generally speaking, on a review of sugar-beet and grain prices, there are indications that sugar-beet farmers will require about a 50-percent increase in price to bring their purchasing power back to pre-war levels. A higher percentage of increase will be necessary for grain growers, for the price-of-grain index appears to have fallen between 1913-14 and 1932 by about 50 percent and the price of sugar beets about 25 percent. The statistics apparently further show that the prices of nonagricultural products in 1932 were about equal to those in 1913-14. It is fair to say, therefore, that statistical justification exists for the inclusion of sugar beets and sugar cane in the present bill, and that such inclusion will not operate to produce any but moderate returns to beet and cane growers. Furthermore, if it should develop that under the law in actual operation the Secretary of Agriculture is free to consolidate processors' taxes for the benefit of all specified basic agricultural commodities, there would be manifest advantages in having sugar beets and sugar cane included, since the possibility of securing substantial processors' taxes is nowhere more certain of realization than with respect to sugar.

Enough has been said to make clear that the present motion is not designed for other than temporary farm-relief purposes. It does not attempt to be a final disposition of the sugar problem. With changing conditions, I trust there will be in due time, when the emergency passes, if we are to continue to stimulate our domestic sugar industry, a new approach to an old tariff issue. For the present it should suffice to say to the Senate that farmers in some 19 States will be given some relief from their back-breaking economic perplexities if the amendment now tendered shall be adopted. It is to be hoped that it will not be dismissed as adding complexities to the pending bill. In actual operation the problems of the Secretary of Agriculture may be simplified, rather than complicated, by the adoption of the amendment. Certainly there is no conflict between the provisions for reasonable prices for sugar beets and sugar cane and the marketing provisions of the bill, by means of which it is hoped to make further adjustments for the benefit of all branches of the domestic sugar industry.

Mr. President, in this connection I desire to call attention to an article published on April 16 in the New York Herald Tribune, written by Mr. Ernest K. Lindley, a correspondent of that newspaper, in which it is indicated that the administration is at this time giving consideration to a quota system applied to sugar production and to the marketing of sugar in the United States. This course, if ultimately adopted, will be under the marketing provisions of the bill now before the Senate. No one can read this interesting and presumably authentic suggestion of an administrative program without reaching the conclusion that if it is in prospect with respect to a commodity not enumerated as basic in the bill, there can be no sound reason why that commodity should not be definitely declared basic for such benefits as may accrue in connection with the total program of the Secretary of Agriculture. I request that this article may be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the article referred to by the Senator from Colorado will be printed in the RECORD as he requests.

(See exhibit A.)

Mr. COSTIGAN. Mr. President, for the reasons given, I move the adoption of the amendment.

#### EXHIBIT A

[From the New York Herald Tribune, Apr. 16, 1933]

UNITED STATES CONSIDERS SUGAR AID TO PACIFY CUBA—ADMINISTRATION SEEKING ECONOMIC INDUCEMENT TO QUIET UNREST WITHOUT RESORT TO INTERVENTION—TRANSITION REGIME MAY BE SUGGESTED—FIXED MARKET AT BETTER PRICES AMONG MEASURES FORMING IN WASHINGTON

By Ernest K. Lindley

WASHINGTON, April 15.—While it watches the rising tide of political terrorism in Cuba with the closest interest, the administration is quietly feeling its way toward a new Cuban policy which it hopes will furnish a solid foundation for the pacification and economic restoration of the island without American intervention.

The mainspring of the new policy, which has been under discussion for several months, is the allotment to Cuba of a definite quantity of the sugar needed for American consumption. This allotment would be made as part of a comprehensive scheme for controlling the production of sugar in this country and its insular possessions, with the equalizing of supply and demand and a moderate rise in the price of sugar as its main objectives.

The stabilizing of Cuban finances, which rests almost entirely upon sugar, is regarded as necessary to the return of Cuba to more nearly normal political conditions. Although no member of the administration can say as much, for obvious reasons, it is tacitly admitted by well-informed persons that the partial inclusion of Cuba in the American "closed sugar area" would be made contingent upon arrangements for an early free election in Cuba. It has been suggested that a short period of orderly transition might be furnished by agreement between the Machado government and leaders of the opposition on a neutral provisional President chosen outside the ranks of active politicians.

Because of the extreme delicacy of its situation, the administration is saying as little as possible about Cuba. In response to questions, Cordell Hull, Secretary of State, said today that the administration was giving no thought to intervention in Cuba. He emphasized that the relations of the United States to Cuba were those of one sovereign nation to another. He said that the only action with regard to Cuba that the administration was considering was the appointment of an Ambassador, just as it is appointing Ambassadors to other nations as rapidly as possible.

The administration's desire to avoid intervention in Cuba, if it is possible, is attributable partly to the cost, but preponderantly to its hope of maintaining and improving friendly relationships between this country and Latin America as a whole.

A disruption in Cuba which would bring the question of intervention to a head would be most unwelcome at this time, when the administration is conducting conversations preliminary to the world economic conference. Some of the results which the administration hopes to achieve, particularly in the way of tariff agreements and the controlled production of such commodities as wheat, copper, and silver, will demand warm cooperation with Latin America.

Although President Roosevelt has not taken official cognizance of the fact, persons close to him have been discussing the possibilities of controlling sugar production with representatives of all the leading sugar interests. In these discussions the following allotments have been suggested:

	Tons
American beet.....	1,100,000
Louisiana cane.....	200,000
Hawaii.....	900,000
Philippines.....	850,000
Puerto Rico.....	850,000
Cuba.....	2,000,000
Total.....	5,900,000

American consumption ranges from 5,500,000 to 6,000,000 tons annually.

#### FARM BILL LOOPHOLE CITED

Discussing the sugar problem, persons close to the administration have pointed out that the machinery for applying an allotment system and for lifting the price lies in the marketing features of the farm relief bill. Sugar is not mentioned in the bill, but the Secretary of Agriculture is empowered to extend control to competing commodities, among which sugar might be classed.

The advisability of lowering the tariff for the amount of sugar allotted to Cuba also has been discussed. At present Cuban sugar is entitled to a 20-percent preferential, but the Cuban producers have complained that in the recent demoralized state of the sugar market they have not been able to take advantage of the preferential, and that it has gone to the refiners instead. It is informally estimated that if the Cuban producer can net 1 cent or a little more a pound for raw sugar, Cuba can survive economically. The Cuban sugar crop has been brought down already from its maximum of more than 5,000,000 tons in 1928-29 to approximately 2,000,000 tons in the 1932-33 season. If the President receives from Congress the right to make tariff reductions up to 50 percent in negotiating reciprocal agreements, a 50 percent preferential for Cuban sugar would become possible without further congressional action.



## CHADBOURNE BUSY IN CAPITAL

Because of the relatively small number of sugar refineries, it has been pointed out that sugar should be easier to control than most farm commodities. The possibilities of such control implicit in the farm relief bill have occasioned a great deal of discussion among representatives of sugar interests in Washington. Thomas L. Chadbourne, head of the committee appointed by American banking interests to work out a plan for the Cuban sugar industry in 1930 and author of the international "Chadbourne plan" signed in 1931, is understood to have been active here in recent weeks. However, the administration is not expected to take official note of Mr. Chadbourne's activities. Sugar representatives here have satisfied themselves that Mr. Chadbourne is not in rapport with the new administration. During the preconvention campaign, it is recalled, Mr. Chadbourne made a particularly bitter attack on Mr. Roosevelt. Furthermore, the impression prevails here that to consummate a satisfactory arrangement involving Cuba, fresh faces and fresh hands will have to be brought into the picture.

Charles W. Taussig, president of the American Molasses Co., a concern with Cuban properties, has been particularly active in sounding sugar interests on the plan for production control. Mr. Taussig is a member of the Roosevelt "brains trust", being a particularly close friend of Prof. A. A. Berle. Mr. Taussig and Professor Berle visited Cuba during the winter and conferred with Mr. Roosevelt at Warm Springs on their return.

About that time the group of Cuban exiles in Miami, led by Gen. Mario G. Menocal, former President of Cuba, ostensibly was making preparations for armed revolution against the Machado government. The alternative purposes of the opposition were to overthrow the Machado government or to force American intervention. A few weeks before March 4 word reached the Cuban revolutionary colony that if they would desist and bide their time a more peaceful means of solving the Cuban problem might be evolved by the incoming administration in Washington.

## NEW LEADERS HELD NEEDED

The apparent thesis of the administration is that until a minimum of economic subsistence is assured to Cuba no government can expect to endure there without the use of extreme force. At the same time it is privately and unofficially observed here that the deep hatreds built up during the period of force and terrorism make it unlikely that Cuba can return to normal political life except under new leadership which has not been closely identified with any faction in the struggle.

With a new Ambassador on the ground and the power to make economic concessions to Cuba, the evident hope of the administration is that the Cuban problem can be solved with full regard for the amenities between sovereign nations, as well as for the country's special responsibilities to the island Republic.

Mr. VANDENBERG. Mr. President, before the Senator from Colorado takes his seat will he yield to me?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. With pleasure.

Mr. VANDENBERG. I heartily concur with the Senator's suggestion that sugar beets and cane sugar are among the basic commodities that ought to be covered by the bill. I want to be sure, however, that I understand his calculations. He has quoted several authorities and has submitted several calculations. What is the Senator's final judgment as to the amount which it is necessary to add in order to accomplish parity in respect to the price of sugar beets?

Mr. COSTIGAN. As defined in the proposed act?

Mr. VANDENBERG. As defined in the proposed act.

Mr. COSTIGAN. For the reasons assigned, approximately \$1 per ton, in my judgment.

Mr. VANDENBERG. Will the Senator indicate what that increase would represent in respect to the addition to the tariff rate which must be made under the compensating section of the bill?

Mr. COSTIGAN. I have made no calculation on that assumption, I will say to the able Senator from Michigan.

Mr. VANDENBERG. It would increase the sugar tariff by a proportionate amount, would it not?

Mr. COSTIGAN. As I read the bill, the processor's tax on all sugar, both domestic and imported, does not constitute an increase in the sugar tariff; so that the relation continues the same, if I understand the question of the Senator from Michigan.

Mr. SMITH. Mr. President, may I make this statement? Under the terms of this bill whatever amount is added to the price of the commodity by virtue of the imposition of the tax, automatically the identical amount is added to the existing tariff. To illustrate, if there were a duty of 2½ cents a pound on sugar, refined or raw, whatever it might

be, and this tax should raise the price of sugar to 5 cents a pound, then the duty on sugar would be 7½ cents a pound.

Mr. VANDENBERG. I desire to ask the Senator from Colorado a further question. I was particularly challenged by the observation in his initial remarks respecting a sliding scale of tariffs upon sugar. Does the Senator agree that in the final analysis the answer to the sugar question, if it is to be a tariff answer, should be on the basis of a sliding scale which would reduce the tariff in inverse ratio as the price advantage goes to the consumer?

Mr. COSTIGAN. That is my judgment at the present time. Of course there should be minimum and maximum limits within which any such rule would be applied.

Mr. VANDENBERG. I want to take advantage, Mr. President, of the opportunity cordially to subscribe to the doctrine announced in that aspect by the Senator from Colorado and to say that if the sugar-tariff question, perplexing and irritating as it always is, could be reduced to that formula, we would have done great service, not only to our own tariff difficulties but also to the welfare of the consuming public in this country.

One further question, if the Senator from Colorado will bear with me. Do I understand that he considers that the adoption of this amendment would be in the nature of establishing the philosophy of bounties upon sugar as an alternative to tariffs on sugar?

Mr. COSTIGAN. I have assumed that the bill, in effect, applies the bounty principle to all basic commodities.

Mr. VANDENBERG. Was not the bounty principle tried upon sugar in the 1890's and was it not promptly repealed?

Mr. COSTIGAN. It was tried in 1890 under the McKinley law, as the Senator from Michigan well knows, and approximately \$36,000,000 was paid in the form of bounties to sugar producers in the United States as a result of that experiment.

Mr. VANDENBERG. Why was the bounty withdrawn?

Mr. COSTIGAN. Subsequently, as the Senator knows, the Bounty Act was repealed, as I recall, under a Democratic administration, and the Republicans subsequently favored the tariff to stimulate the industry. In other words, they substituted a tariff bounty.

Mr. VANDENBERG. That is correct. I was wondering if there was any analogy. My recollection is that there was a very profound reaction in the country against the subsidizing of sugar with a bounty at that time.

Mr. COSTIGAN. There was a contention, as the Senator knows, that the bounty was unconstitutional. That question was taken to the courts. It was never precisely determined by the Supreme Court of the United States, but that Court did sustain an act of Congress, passed about 1895, which provided for payment of amounts regarded as due under the act providing for the bounty.

Mr. VANDENBERG. Mr. President, I thank the Senator from Colorado for his generosity to me in this exchange of questions. I simply want to add that sugar beets are unquestionably not only one of the basic commodities of the country, as the Senator has indicated, but certainly one of the most useful commodities of agriculture itself, not only in respect to the utility of the land and fertilization, not only in respect to revenue to the farmer, but also in relationship to the public welfare and the national defense, because we must be self-sustaining in this respect. Therefore, if I may be permitted to join with the Senator from Colorado, it seems to me that if we are to proceed into this experiment, most certainly the Senator's amendment is justified and should be adopted.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. SMITH. Mr. President, the purpose of this bill fundamentally is to take care of those commodities produced in America of which we have an exportable surplus. One of the main features of the bill is what is known as the "leasing provision", under which it is proposed to tax the processors of certain commodities in order to raise sufficient



funds with which to pay for the elimination of land which is producing a surplus, such surplus reacting in further depressing prices. Now, as I understand, we have before us a proposition to reverse that process. We produce only about one sixth of the sugar used in America. By what method of procedure is it possible, under the terms of the bill and in view of the purposes of the bill, to increase the production of sugar to such an extent as that it can ever be hoped to raise within the period of the emergency a sufficient quantity to supply the American people?

We have had for years the notorious fights and some scandals in connection with the sugar industry and the tariffs imposed for its benefit. One of the slogans of the party to which I belong was that by the tariff on sugar we were taxing the breakfast table of every American citizen, taxing a commodity used and universally necessary; yet in spite of all our tariff duties, in spite of scandalous protection at times, we have not been able to produce in America more than one sixth of the amount of sugar the country requires.

I am not going to pretend to enter into any discussion of the policy of the protective theory. I think the present condition of the country is sufficient argument against it without my trying to make any. I think we have arrived at a point in that regard where we are confronted by a fact and not a theory, and I hope that this bill, complex and complicated as it is, will not be further burdened with the reverse of a reduction of production by attempting through a bonus to increase production. I hope the amendment may not be agreed to because it will renew a controversial point which should not, in my opinion, be reopened at this time.

I sympathize with the Senator who has offered the amendment. I know how agriculture suffers in every phase and form. The fact of the matter is the country seems to think that the farmer's duty is to suffer; that he is born for the purpose of bearing the burdens of the remainder of the American people, and, therefore, he should not be considered in the ordinary scheme of things. The fact is that up until now he has not been considered, and even now I do not think we are in a fair way to get him to the point where he will be very greatly considered. With all the sympathy in the world for the proposal of the Senator from Colorado I submit that this measure has now about all it can carry.

Mr. COSTIGAN. Mr. President, the Senator from South Carolina knows the respect I entertain for him. Therefore nothing that I shall say will be critical of his remarks. However, I should say to the Senate that some days ago I spoke to the able Senator who has the bill in charge with reference to this amendment, and his response in effect was that there is no reason why the amendment should not be incorporated in the bill, and that any commodity upon which communities are dependent for their prosperity at this time may properly be added under the theory which prevails with respect to the bill as it is now drafted.

That statement is strengthened by what took place this afternoon in the Senate. We have added to the bill a southern-grown commodity. No one contended here and the Senator from South Carolina did not argue that that commodity should be excluded from the bill. It is, I assume, not pretended that in the period of the emergency enough peanuts will be grown in the United States to meet the Senator's test. The opposition now manifested by the able Senator from South Carolina was not exhibited when the issue concerned that southern-grown commodity.

I take it that the bill is a farm relief bill, and that the original provision for basic commodities is designed to give farm relief in part by raising prices of basic commodities to their pre-war levels by the method set out in the bill. Farmers' prices of milk and its products are to be raised. Rice is to be raised to the pre-war level. The purpose and plan are to give farm assistance. If the purpose and plan are to be followed, they should be extended to the beet grower. This is something different from the tariff. I am simply stating that if the country desires to pursue the policy of the bill, it should extend it. If it desires to give benefit payments to

the farmers of the country, there is no argument for withholding benefit payments from the sugar-beet and sugarcane growers of the United States.

Mr. SMITH. Mr. President, I want to say that the Senator from Colorado has quoted me correctly. He brought the amendment to me and, thinking along general lines, I then saw no reason why this commodity along with others might not be added to the bill. But when I gave more serious thought to the fact that sugar is an indispensable article in every family in America—not only in every family but in many of our industries—I came to another conclusion. That is not true with reference to peanuts. They are a substitute for making a living that may or may not be taken by the American people, but they are taken and have advanced to where they are a considerable industry in the country.

But they do not come anywhere within the same category as sugar. There is nothing produced in the fields of America outside of actual bread and clothing that bears the same relation to the American people that sugar does. It is a notorious fact that after all the years of our experimentation and our bonuses and our tariffs, we fall short of supplying more than one sixth of that commodity. We have succeeded in supplying the world with cotton. We have succeeded in supplying America with wheat. We have produced corn and substitutes for it in abundance. We have substitutes for nearly every form of agricultural product outside of the two great staple products, namely, textiles and wheat. The animal industry producing wool and the vegetable producing cotton amply supply the American need. But this indispensable article of sugar we cannot produce in sufficient quantity and have not done so. From the foundation of this Government until today we have been trying by all means and methods, by experimentation, by bonuses and tariffs, to bring about an adequate production of sugar.

Mr. HASTINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Delaware?

Mr. SMITH. Certainly.

Mr. HASTINGS. Can the Senator account for the low price of sugar under those conditions in view of the fact that we do not produce anything like as much as we consume?

Mr. SMITH. I account for it on the very identical principle that I account for the fact that productive land, agricultural land upon which the Senator and I are dependent for our food and our clothing, has no market. We do not import any land. We do not export any land. It is a fixture. Our population is increasing every day. The need for adequate clothing and food is increasing every day. Yet on account of that—which I shall not discuss now, but before this matter is ended I am going to take time to express myself more adequately about our miserable financial system than I have heretofore done—the reason why sugar is so low in price is because the people have not the money with which to buy it. That is all.

Mr. HASTINGS. Is it not just as important to the person growing sugar beets and sugar cane that he shall get an adequate price for his product as it is to those growing wheat and cotton and peanuts?

Mr. SMITH. But we have a law for that which we are enforcing, known as the "tariff law". It was tried out on wheat, but it could not accomplish anything because wheat is so universally grown and the numbers engaged in its production so great and their resources so impossible that when we put a tariff of 42 cents a bushel on wheat it practically went down 40 cents a bushel, proving that the man who bought it had the power to pay what he pleased in the face of and in defiance of the tariff law. Had the wheat growers been organized like the steel producers we would not be here with this bill. They would sell to the market at the tariff price and ship the surplus at the world price without any law. The same is true of cotton.

The reason why tariffs do us no good and are a mockery is because we have to take the price that is offered on account of our poverty and lack of resources and the numerous



ones engaged in its production without financial resources. I have stood here for 24 years and seen the mockery of the Republican Party attempting to put a tariff on farm products when they knew that it was worse than useless because the man that buys it fixes the price, and not the tariff.

In the case of sugar we have certain combinations which I have never adequately understood that have been able somehow or other to divide with the producers of sugar and keep them in the line of the high protectionists. I have seen Senators from Louisiana sit here, Democrats on everything but sugar, who would jump the fence whenever sugar was mentioned. [Laughter.] That disease spreads somewhat to other States. I saw it exemplified here not long ago. I saw certain Senators here who on the platform have denounced the high protective "robber" tariff, but when it came to their respective States they said, "Yes; this is a very small item, so I think I will take a shot at it just for my own home State." [Laughter.]

During the last session of Congress I stood here the loneliest man in America, the only man on this floor who voted against every schedule in that wonderful piece of legislation known as the Smoot-Hawley bill, and then I voted against the bill itself. I do not believe I had a comrade on the notoriously Democratic side. They seemed to be going on the theory of an old Senator who was once here when he said, "As long as good stealing is going on, give me my share." [Laughter.] I prefer to do without my share and stand by a principle. Unfortunately, the principle of the high protective tariff is in this very farm bill raised to the *n*th power, reaching to where it is an embargo, and yet we call ourselves Democrats.

Mr. President, I want to say here now, because it is more convenient for me to say it now than possibly any other time and because I want to get through with the bill, that I have never voted for a high protective tariff and as long as I am a Jeffersonian Democrat I am not going to do it. I believe that a false principle wrought into real life will work itself out in disaster. From the days of Alexander Hamilton down to date that false principle has distressed the American people until in the years 1930, 1931, and 1932 it worked itself out in unspeakable disaster for the American people. However, Mr. President, I did not intend to get started on the tariff and I am not going to continue any further on that subject.

Mr. President, I should like to have a vote on this question; and then I think we should take a recess, unless the leader desires an executive session.

Mr. ROBINSON of Arkansas. Mr. President, a number of Senators have left, and they do not expect a vote until in the morning. I think we ought to be able to dispose of this bill tomorrow; and I suggest to the Senator from South Carolina that he move a recess until 11 o'clock.

Mr. SMITH. Mr. President, I desire to give notice now that we will meet tomorrow morning at 11 o'clock; and if we do not finish the bill during the day I am going to use every effort to get my colleagues to stay here continuously tomorrow night until we do finish it.

Mr. CLARK. Mr. President, I ask that two amendments which I send to the desk may be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. McCARRAN. I present two amendments to the pending bill and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

Mr. FRAZIER. Mr. President, I offer a proposed amendment to the pending bill.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

#### HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S. C.;

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania;

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania; and

H.R. 4491. An act granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio; to the Committee on Commerce.

H.J.Res. 93. Joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions; to the Committee on Foreign Relations.

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; to the Committee on Agriculture and Forestry.

JAMES A. DONAHOE

Mr. NORRIS. Mr. President, out of order, and as in executive session, on behalf of the Chairman of the Judiciary Committee, the Senator from Arizona [Mr. ASHURST], I ask unanimous consent to report back favorably from that committee, for the Executive Calendar, the nomination of James A. Donahoe, of Nebraska, to be United States district judge, district of Nebraska, to succeed Joseph W. Woodrough, nominated to be United States circuit judge, eighth circuit.

The PRESIDING OFFICER. Without objection, as in executive session, the report will be received and placed on the Executive Calendar.

#### EDITORIALS FROM BOISE CAPITAL NEWS

Mr. POPE. Mr. President, I ask unanimous consent to have printed in the RECORD two brief editorials from the Boise Capital News of April 5. They seem particularly appropriate to the time.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

#### NOW IT'S MOSTLY UP TO YOU

This newspaper has been happy—and proud—to record the rebirth of American confidence in America in the past few weeks.

But confidence without determined effort to back it up will prove futile. This wave of better feeling that sweeps the Nation will be but a flash in the pan without good, honest, shoulder-to-the-wheel drive behind it.

The people, as usual, will get exactly that to which they are entitled—and no more.

The question of high governmental costs is not solved just because Roosevelt has shown the way. Every branch of government must be made to follow the Roosevelt path. Our public officials must be forced to march up that trail.

The new deal means a better deal for our people. How long it remains so depends entirely on the people. And Roosevelt will remain potent only as long as the people back him up.

Today, the people will a thing; Roosevelt does it.

If we wish him to keep doing things we must keep willing them; eternally smash our enemies; constantly battle for the right.

As a people, we glory in our new-found power; and in our new-found way to make that power effective. Roosevelt has done



what he has done simply because the public mind made itself felt throughout the Nation.

Let us not rest on our laurels. The enemies of the public weal are not inactive just because they are not out in the open. They never sleep; they fight as hard today as ever. With any let-down in public aggressiveness they will come out into the open again to make our victory a hollow one.

Fight on, America!

#### TWO POETS WRITE AN EDITORIAL

We offer two poems, the sentiment of which seems appropriate to the times. First, one from Alfred Austin:

"So long as faith with freedom reigns,  
And loyal hope survives,  
And gracious charity remains  
To leaven lowly lives;  
While there is one untrodden tract  
For intellect or will,  
And men are free to think and act  
Life is worth living still."

Then, Josiah Gilbert Holland's famous lines:

"God give us men. A time like this demands  
Strong minds, great hearts, true faith, and willing hands;  
Men whom the lust of office does not kill;  
Men whom the spoils of office cannot buy;  
Men who possess opinions and a will;  
Men who have honor; men who will not lie;  
Men who can stand before a demagog  
And damn his treacherous flatteries without winking;  
Tall men, sun-crowned, who live above the fog  
In public duty, and in private thinking."

"AMERICA NEEDS STABLE MONEY"—ARTICLE BY CLARENCE POE

Mr. BAILEY. Mr. President, I ask unanimous consent to have inserted in the RECORD an article by Dr. Clarence Poe, editor of the *Progressive Farmer and Southern Ruralist*, stating what the necessities of the farmers of America are, and entitled "America Needs Stable Money."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### AMERICA NEEDS STABLE MONEY

(By Clarence Poe, editor of the *Progressive Farmer and Southern Ruralist*; member Agricultural Committee, United States Chamber of Commerce)

Why permit our national standard of value—the dollar—to be as variable as a bushel measure that is sometimes 3 pecks, sometimes 5 pecks, in capacity?

For business recovery, one of America's greatest needs is stable money—an "honest dollar." And fortunately American business and American agriculture seem ready—or almost ready—to unite in this demand.

To find out just what the farmer wants, let us examine the resolutions adopted at the recent annual meetings of the two most powerful national farm organizations: the American Farm Bureau and the National Grange.

Meeting in Winston-Salem, on November 24, the Grange declared for a national monetary policy which will "secure restoration of the wholesale-price average of 1926 as computed by the United States Bureau of Labor Statistics and the stabilization of the price level as nearly as practicable at that point."

Two weeks later, in Chicago, the American Farm Bureau Federation likewise set forth the following as the fundamental objective to be sought for: "That the index figure of the average commodity prices prevailing from 1920 to 1929 shall be adopted as the base for calculation at 100; and, that it shall be the policy of the United States to establish and maintain the commodity price level at that point as near as is humanly possible."

It will be noticed that the Grange suggests stabilizing the dollar on the basis of 1926 prices, and the Farm Bureau on the basis of average 1920-29 prices. But 1926 prices were almost identically the 1920-29 average, so there is no conflict here.

#### How the dollar has changed

1920	\$0.65
1926	1.00
1933	1.63

So much for the voice of organized agriculture. Now, let us consider a few typical business opinions. He is reputedly the wealthiest man in America, but just 30 days before the National Grange meeting Mr. Henry Ford said: "The next big job is to improve the money system. I am convinced that our money system is antiquated. We have plenty of men and plenty of material; but money, which is not so important as men or material, is holding up progress."

He is head of America's greatest business organization, but the next week after the American Farm Bureau met, President Henry I. Harriman of the United States Chamber of Commerce told the American Association of Life Insurance Presidents that five things are absolutely necessary for business recovery, no. 4 being as follows: "That we have a dollar whose purchasing power neither markedly increases nor decreases through a reasonable period of years; that is, a dollar whose value remains substantially constant with the general price index of commodities."

It is the journalistic spokesman of a great group of American business men, and not farmers, but the *Business Week* of New York City said recently: "The only remaining road to recovery for ourselves and the world is by concerted and courageous action, through governments and central banks, to raise the commodity price level and reduce the value of gold to the level at which it was when the bulk of the world's public and private debt burdens were contracted. Otherwise universal bankruptcy, default, and repudiation are unavoidable."

In our recent national campaign both major political parties declared for a "sound currency." The latest edition of Webster's International Dictionary carrying the term defines it as follows:

"Sound currency, a currency whose actual value is the same as its nominal value; a currency which does not deteriorate or depreciate or fluctuate in comparison with the standard of values."

Judged by this standard I submit that we now have no sound currency. We have no stable currency. We have no currency "which does not fluctuate in comparison with the standard of values" if we accept either commodity prices or general purchasing power as a standard. We not only have no such sound currency now, but we have not had one for years.

Consider what Dr. E. W. Kemmerer, the distinguished Princeton University economist, said at a meeting of the Stable Money Association 5 years ago:

"There is probably no defect in the world's economic organization today more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than a half century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 percent; from 1896 to 1920 it fell 70 percent; from 1920 to September 1927 it rose 56 percent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long today."

And since 1927 the situation then so effectively described by Dr. Kemmerer has not improved. Rather it has steadily gone from bad to worse, as is proved by the following official statistics of the Department of Labor, showing the purchasing power of the dollar expressed in terms of wholesale prices of 784 commodities (properly weighted), taking average 1926 prices as 100 or \$1:

#### The fluctuating dollar

Year:	Purchasing power of \$1
1916	\$1.17
1917	.85
1918	.76
1919	.72
1920	.65
1921	1.02
1922	1.03
1923	.99
1924	1.02
1925	.95
1926	1.00
1927	1.05
1928	1.02
1929	1.04
1930	1.16
1931 (Jan.)	1.30
1931 (Dec.)	1.41
1932 (Mar.)	1.50
1932 (Sept.)	1.53
1933 (Jan. 14-21)	1.63

What could be more eloquent than this table in proving that we have no stable standard of values or purchasing power, no "sound currency that does not deteriorate or depreciate or fluctuate in comparison with the standard of values"? We have a standard of time that never varies—the hour; a standard of length that never varies—the yard; a standard for liquids that never varies—the gallon; a standard for measuring corn and wheat that never varies—the bushel.

And yet our national standard of value—the dollar—in real purchasing power, interpreted in terms of what it will buy, we permit to be as variable as would be a yardstick sometimes 18, sometimes 24, and sometimes 36 inches long; as variable as would be a bushel measure sometimes 2 pecks, sometimes 3 pecks, sometimes 4 pecks in capacity; as variable as if we had hours sometimes 30, sometimes 45, and sometimes 60 minutes in length.

President Hoover recently quoted Daniel Webster's declaration: "The prosperity of the working people lives, moves, and has its being in established credit and a steady medium of payment." Certainly nothing could be less "steady" or "established" than a medium of payment varying as shockingly as the value of a dollar in terms of general commodities. We find the financial committee of the League of Nations reporting that whereas in 1928 it took 100 units of commodities to pay a debt of 100 gold units, today it requires 170 units of commodities. We find that it takes 278 percent as much farm products to pay an average Federal land bank debt or interest payment as when the debt was created. And who can deny that these penalties represent a ghastly and flagrant perversion of essential morality?

As C. V. Gregory says: "If Congress had passed a law in 1926 requiring every debtor to pay back \$1.50 for every \$1 he had borrowed, besides interest, we would have had a revolution. Yet that is just what deflation has done. Suppose Congress had



passed a law in 1926 doubling the size of the bushel basket or the number of pounds in a bushel and had told us that in measuring out products to pay our debts we must give the same number of bushels of grain, but measure it out in these new and enlarged bushel baskets. By failing to take action to stabilize the value of money Congress has done what amounts to the same thing."

All business has suffered from this disastrous situation, but agriculture more than any other industry, because the price of farm products has dropped out of proportion to all other commodities. Farm products, which in 1928 would buy only 90 percent as much goods as in pre-war days, dropped to a ratio of 80 percent in 1930, to 63 in 1931, and now to 50. Only a few weeks ago a Midwestern banker summarized the iniquity of the farmer's present debt burden by saying:

"In our country farmers are loaded with debts—mortgages they contracted back in 1918 and 1919. Wheat that was \$3.31 then is 47 cents now. Rye \$1.90 then, 30 cents now. Then oats brought \$1; now, 18 cents. Corn, \$1.60; now, 30 cents. Hogs, 23 cents a pound then; 4 cents now. But the farmer's mortgage still remains. He pays, nominally, from 5 to 7 percent on it.

"But, as a matter of fact, he must pay from 25 to 35 percent, because he has got to sell five times as much produce now to pay that interest as he did at the peak. If he borrowed \$5,000 back there in the peak days, he borrowed the equivalent of 1,515 bushels of wheat. But to pay off the same \$5,000 now takes 10,640 bushels of wheat."

Of course, this is an extreme illustration, but the general principle applies in millions of cases. The difference is one of degree rather than kind. When a debt is contracted and the dollars loaned represent 10 bales of cotton or 500 bushels of wheat, it is immoral for the governments and financial systems of the earth to make it so that the creditor collects dollars which represent 30 bales of cotton or 1,500 bushels of wheat (and in similar proportions as regards all other commodities). In addition, all interest payments have been correspondingly increased. When this happens a robbery has been permitted as essentially immoral as the burglary of a home, or the hold-up of a train, or any pocket picking by modern thieves and gangsters.

When such a system results in the loss of homes, the destruction of educational opportunity for boys and girls, the failure of the sick to receive proper medical and hospital treatment, and the engulfing of millions in unjustifiable misery, the situation indeed cries aloud for remedy.

What is the remedy? Not the abolition of the gold standard, in the opinion of leaders in agriculture and business, but the maintenance of the gold standard with adjustment to the commodity index to insure stability as "the only way to perpetuate the gold standard", in the language of the American Farm Bureau.

The organized farmers of America are asking for no fiat money, no printing-press money, no 16-to-1 free silver. They are asking for a money system stabilized on the basis of the average purchasing power of a dollar in the years 1920-30, when most of America's staggering burden of public and private debt was created. Gold as a basis for currency could still be maintained, but the quantity of gold in the dollar would be adjusted to a commodity index. No doubt there are several methods by which such a stable currency, or sound currency, may be established.

For example, instead of making actual gold coin the basis of our currency, some such plan as that of Dr. Irving Fisher, of Yale, could be adopted. Gold bullion could be stored in the United States Treasury and certificates issued against it (just as in the case of our silver-certificate dollar bills in general use), saying in effect: "This certifies that there has been deposited in the Treasury of the United States gold bullion equal in average purchasing power to that of one gold dollar in 1920-30," etc.

The French plan of redeeming such certificates only in gold bars in a value aggregating about \$11,000 could be adopted. And Congress could levy a maximum "excess profits" tax on creditors who demand payment in gold dollars of former weight and fineness, or in some way prevent such extortion—on the valid ground that this policy calls for the repayment of greater values than the debtor received.

Somehow or other some plan for stabilizing the dollar must be effected. It is necessary in order to secure a just settlement—or, in fact, any real settlement at all—of America's present crushing burden of public and private debt. It is necessary in order to alleviate present disorders in foreign exchange. It is necessary in order that creditors who lend, as well as debtors who borrow, shall know what actual values in goods or real purchasing power will be given or received when pay time comes.

Cautious creditors now specify that debts shall be payable in gold dollars "of present standard and weight and fineness", with the result that this may mean anywhere from 64.8 cents to \$1.63 in purchasing power, as it has meant in the last 16 years, and thus affords no genuine protection even to creditors. But with the adoption of the commodity index dollar creditors could make sure of a settlement fair alike to borrower and lender by specifying in the contract: "If the value of the dollar as determined by the aforementioned commodity price index is hereafter increased or decreased by congressional action, then the amount of this loan in dollars shall be correspondingly increased or decreased." Both borrower and lender would in this way be safeguarded.

It is indeed gratifying that at last American agriculture seems sufficiently conservative and American business sufficiently progressive to unite in a demand for genuinely stable money. After the tragic experiences America has just been through all commerce will lag, all business will halt, all enterprise will be frightened, all

development on the farm and in business will be checked, if every man must make future plans with no assurance as to whether the dollar at pay time will be worth 50 cents, \$1, \$1.50, or \$2 in commodity values. It is a problem that must and can be solved.

While the foregoing figures show how the value of the dollar fluctuates in terms of all commodities, its fluctuation in terms of farm commodities have been even more severe and disastrous. If a farmer made a debt so recently as 1930 it now takes—in addition to interest—an average of 129 percent more farm products to pay the principal than then. In the following table one can (1) see what year any farm debt was made and see (2) how much the principal itself has increased in quantity of farm products required to pay it off (in addition to similar increase in all interest charges):

Year debt made:	Increase in debt (percent)
1930	129
1929	171
1928	173
1927	157
1926	167
1925	188
1924	163
1923	165
1922	143
1921	127
1920	302
1919	310
1918	292
1917	245
1916	129

#### INVESTIGATION OF DIRIGIBLE DISASTERS

Mr. TRAMMELL. Mr. President, I desire to call up House Concurrent Resolution 15, relative to the investigation of the Akron disaster, which has been reported back to the Senate with an amendment. It will take only a moment or two.

Mr. McNARY. Mr. President, a few days ago, when this report was made, I objected to the consideration of the concurrent resolution. I understand, however, that it has passed the House and has been referred to the Senate Committee on Naval Affairs and favorably reported, and also has gone to the Committee to Audit and Control the Contingent Expenses of the Senate, and is now reported out with an amendment. Is that the situation?

Mr. TRAMMELL. That is the situation.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution (H.Con.Res. 15) creating a joint committee to investigate the causes of the wrecks of dirigibles, which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on page 2, line 18, after the word "advisable", to insert a comma and the words "not exceeding \$5,000, one half of said amount to be paid out of the contingent fund of the Senate and one half out of the contingent fund of the House", so as to make the concurrent resolution read:

*Resolved by the House of Representatives (the Senate concurring).* That there is hereby created a joint committee to consist of 5 Members of the Senate, to be appointed by the President of the Senate, and 5 Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee shall select its own chairman.

Such committee is hereby authorized and directed to investigate the cause or causes of the wreck of the Navy dirigible Akron and the wrecks of other Army and Navy dirigibles, to fix responsibility for the same, to inquire generally into the question of the utility of dirigibles in the military and naval establishments, and to make recommendations to the Senate and House of Representatives with respect to the future use of dirigibles for military or naval purposes. The committee shall report to the Senate and House of Representatives as soon as practicable the results of its investigations, together with its recommendations.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions or recesses of the present Congress, to employ such experts, clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take testimony, to have such printing and binding done, and to make such expenditures as it deems advisable, not exceeding \$5,000, one half of said amount to be paid out of the contingent fund of the Senate and one half out of the contingent fund of the House.

Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised



Statutes shall be applicable to any person summoned as a witness under the authority of this resolution in the same manner as such provisions are applicable to any person summoned as a witness in the case of an inquiry before a committee of either House.

Mr. TRAMMELL. I move the adoption of the amendment.

The amendment was agreed to.

The concurrent resolution, as amended, was agreed to.

#### RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 34 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 19, 1933, at 11 o'clock a.m.

## HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 18, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who madest the heavens and taketh up the stars as little things, whose oceans are as the palm of Thine hand and to whom the isles of the sea are as dust in the balance, Thou art the mighty and the everlasting God. We rejoice this hour because Thou dost bend to the earth, that all suffering humanity may be lifted up and saved. Gracious Heavenly Father, we praise Thee that there is nothing in all the world so patient, nothing so generous, nothing so considerate, nothing so long-suffering as the teachings of Thy only begotten Son. As we live on His levels, so shall we share in His strength, and faintness and failure cannot abound. Intrusted with these offices which we are to discharge, may they be expressed in good conscience, wise principle, and altogether in becoming behavior. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the House of the following title, in which the concurrence of the House is requested:

S. 73. An act to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils.

#### ORDER OF BUSINESS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a report from the Committee on Rules.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I do not intend to object, that is the rule, I presume, about changing the discharge rule?

Mr. O'CONNOR. Yes.

Mr. PATMAN. I should like to know what arrangement has been made about time for those of us on this side who desire to oppose any change in the rule.

Mr. O'CONNOR. The gentleman will recall that in Rules Committee today it was generally agreed that when the rule was called up, there would be 4 hours' debate on the resolution to change the rule, one half in favor and one half opposed to the rule. Of course, this will have to be obtained in the House under unanimous consent.

Mr. PATMAN. I withdraw any reservation of objection, Mr. Speaker.

Mr. BLANCHARD. Mr. Speaker, reserving the right to object, did I understand the gentleman from New York to say that the committee would report by tomorrow?

Mr. O'CONNOR. No; the request was that we have until midnight tonight to report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the following committees may have today and tomorrow to file reports regardless of whether the House is in session or not, Ways and Means, Military Affairs, and Banking and Currency.

Mr. SNELL. Mr. Speaker, reserving the right to object, I presume the gentleman's request includes the filing of minority views also?

Mr. BYRNS. Oh, certainly. I should have stated that in my request.

Mr. SNELL. And such views would be incorporated with the report?

Mr. BYRNS. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

#### ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. TRUAX, for 4 days, on account of death in family.

#### ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 10 minutes p.m.) the House, under its previous order, adjourned until Thursday, April 20, 1933, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

24. Under clause 3 of rule XXIV, a letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the Rivers and Harbor Act of July 3, 1930, on preliminary examination and survey of Kaunakakai Harbor, Island of Molokai, Hawaii, together with accompanying papers and illustrations, was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. H.R. 4606. A bill to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; with amendment (Rept. No. 46). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H.R. 5040. A bill to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; with amendment (Rept. No. 45). Referred to the Committee of the Whole House on the state of the Union.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Michigan, memorializing Congress to reflate the dollar; to the Committee on Banking and Currency.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROSS: A bill (H.R. 5066) establishing a stabilized currency and adopting the wholesale commodity index line of 1926 as a standard of value; to the Committee on Banking and Currency.